

Dini warns of moves to curb deficit

By Robert Graham in Rome

Italy's caretaker government may have to take corrective budgetary measures to keep the 1996 budget on target, Mr Lamberto Dini, the prime minister, said yesterday.

The Bank of Italy and other independent economic forecast groups have been warning that the 1996 budget is already off target. But until now Mr Dini has ruled out the need for any adjustment, arguing the budget drawn up by his cabinet would be able to cut the deficit to 5.9 per cent of gross domestic product as planned.

Mr Dini told a press conference yesterday he could not rule out the need for "a corre-

delayed, reportedly because of industrial relations problems. However, the figures should be ready later this week.

Among the reasons for corrective measures, the prime minister cited the continued high level of interest rates. The budget calculated the interest paid on Italian debt would fall to 8.5 per cent from 10 per cent during 1996. But when the budget was presented last September was considered over-optimistic.

In crude terms, for every percentage point fall in interest rates Italy can expect to save some L15,000bn over an 18-month period.

The Bank of Italy has made it clear over recent months it will not alter the discount rate until there are clear signs of the inflationary trend falling below 4 per cent. It also wants to see the results of the treasury's quarterly accounts and is unlikely to make a move until the political picture has clarified. The discount rate has remained unaltered at 9 per cent since last May in contrast to other EU economies which have lowered rates.

Apart from the continued high cost of debt service, treasury receipts are now likely to be lower as a result of the slowdown in the economy - scheduled to grow close to 2 per cent this year, almost one percentage point below original forecasts. Other burdens on the treasury include some L2,000bn needed to bail out the troubled Banco di Napoli. There have also been suggestions that the Dini government held over some expenditure items in the 1995 accounts to ensure the deficit target of L130,000bn was met.

Mr Dini also said the centre-right coalition headed by Mr Silvio Berlusconi was becoming increasingly extremist and could not be trusted in power. In particular, he said, the right-wing National Alliance should spend some time in opposition to learn about democracy.

Among the reasons given for corrective measures, Dini cited continued high levels of interest rates

tion, probably a modest one" to meet the deficit target of L105,000bn (\$68.5bn).

He added that any correction should best be carried out by mid-May. This would be after the April 21 general elections but almost certainly before a new government had taken office, leaving the responsibility with the caretaker administration.

Last week the treasury leaked figures suggesting some L10,000bn would have to be found in spending cuts or increased revenues. Other estimates have put the figure as high as L14,000bn.

The prime minister's change of mind on the budget comes in advance of the quarterly treasury figures on the state of Italy's public accounts. These should have been ready at the end of March but have been

German sick pay cuts may cause 'strife'

By Wolfgang Münchau in Frankfurt

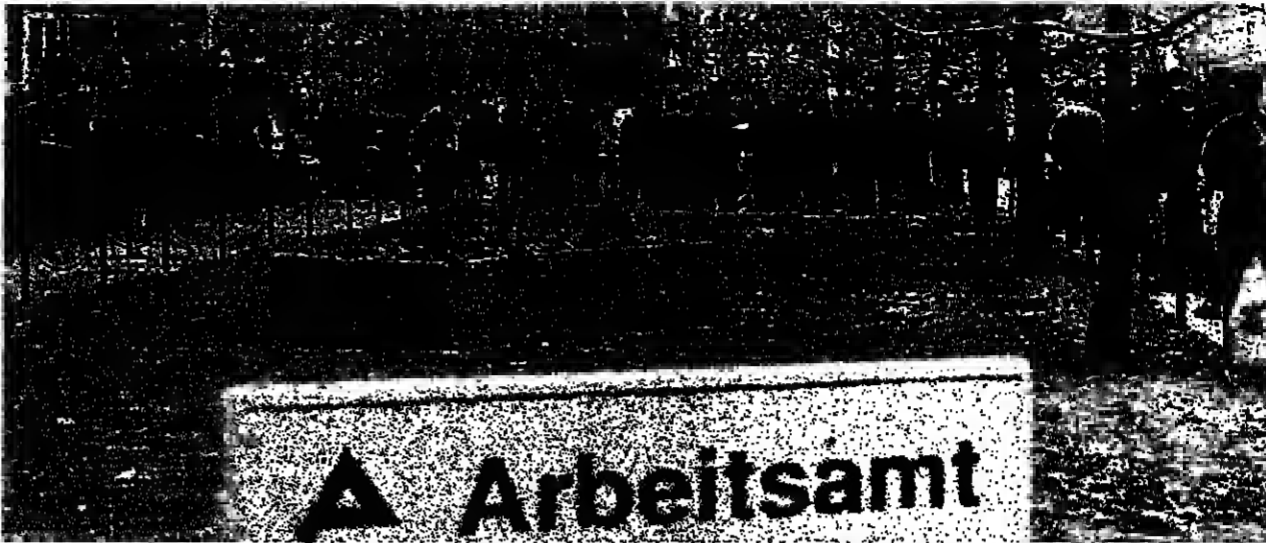
Germany will suffer social strife and strike action this autumn if the government presses ahead with plans to cut sick pay, Mr Klaus Zwickel, president of IG Metall, the metal workers' union, warned yesterday.

Responding to calls for curbs in Germany's welfare system, Mr Zwickel said that "if the demands to cut sick pay do not stop, there will be social strife in a way that the republic has not experienced for some time".

He added: "We live in a welfare state and not in the times of Bismarck."

The comments from the leader of the largest industrial trade union in the world - with about 2.5m members - will put the Christian Democratic-led government of Chancellor Helmut Kohl on notice that attempts to reform the welfare state are likely to meet fierce resistance from the trade union movement.

Mr Zwickel's threat of strike action came after a weekend of



Jobless German workers outside an employment office in east Berlin yesterday. The latest jobless figures will be announced today.

discussion among politicians, trade unionists and employers about reforms in Germany's welfare provision, focusing in particular on the country's generous sick pay entitlements.

Over the weekend, Mr Norbert Blum, labour and social

affairs minister, said the government may be prepared to sanction changes to the generous sick pay rules.

Under current arrangements an employee's sick pay can exceed the normal wage because recently earned overtime is included in the calculation of sick pay entitlements.

Mr Zwickel's threat of strike action reflects a sharp deterioration in the relationship between his union and Gesamtmetall, the metal employers' federation.

The two are divided over a growing number of issues,

including Mr Zwickel's proposal for an "alliance for jobs" - a proposed trade-off between wage moderation and job guarantees - which Gesamtmetall rejects as unrealistic.

As part of the alliance for jobs proposal Mr Zwickel has called for the abolition of over-

time in the metal industry to induce companies to hire more workers.

He said that if employers accepted his proposal, sick pay entitlement would no longer be boosted by overtime and the problem would disappear.

Mr Zwickel's comments also underline a split in Germany's trade union movement, as other trade union leaders indicated over the weekend that they might be ready to compromise over sick pay in principle.

Employers are demanding even more radical change, calling for the introduction of a three-day threshold for sick pay, as a means of discouraging truancy.

Mr Zwickel said IG Metall had fought a hard battle in the 1986-87 wage round to secure the principle of continued wage payments for sick employees, and he would not shy away from calling a strike to retain it.

Mr Roland Isen, head of the DAG white-collar union, said yesterday continued payment of a worker's salary during incapacity due to sickness "must not be sacrificed".

Crédit Lyonnais sees union deal as landmark

By Andrew Jack in Paris

Crédit Lyonnais, the state-controlled French banking group, will today formally sign an agreement with two of its leading unions that marks an important step towards increased flexibility in working hours in the French financial sector.

Mr Pascal Lamy, a member of the bank's executive committee, said yesterday the staff at Crédit Lyonnais were "more sensitive" than those at any of its rivals to the need for labour flexibility - a reference to the financial difficulties under which the bank has been struggling.

The bank has managed to achieve substantial job reductions in the last year as a result of voluntary redundancies and early retirements as part of its obligations to reduce operating costs signifi-

cantly in exchange for a restructuring package agreed with the state last year. The accord represents the first large-scale programme among the country's commercial banks to break with rules of a 1937 law which guarantees employees two consecutive days off each week.

It also comes at a time when a growing number of politicians and business executives are discussing ways to reduce working hours and increase labour flexibility in efforts to reduce the high rates of unemployment.

Crédit Lyonnais, like other banks, has experimented with opening some branches on weekday evenings and on Saturdays, but has had to close on Monday to comply with the decree.

The 1937 law allows banks to modify this requirement if it is done in agreement with

the unions. For the first time, Crédit Lyonnais has brokered such an agreement, obtaining the approval of the CFTC and SNB unions which together represented 83 per cent of the vote in the last staff elections. A third, the CFDT, is believed to also be sympathetic.

Under the accord, up to 30 per cent of the bank's more than 2,000 branches will be able to operate six days a week, with some opening as early as 8am or closing as late as 7.30pm.

Staff working a four-day week will work 37 hours but will be paid for the 39-hour norm, and others will earn reductions by working anti-social hours. The bank has pledged at least to maintain the existing number of staff in branches which take part in the initiative, and said new jobs created by part-time working could number 150.

French doctors given ultimatum on reform

By David Buchanan in Paris

The French government yesterday warned doctors who have threatened to strike later this month to "seize their last chance" to play their part in health spending reforms that otherwise would be carried out "without them".

The CSMF, one of France's four medical unions, has called a protest strike on April 24, the day the cabinet is due to approve the government's new medical decrees.

Mr Jacques Barrot, the social affairs minister, yesterday warned them against "rearguard actions which do not appear particularly useful".

The CSMF has few hospital doctors among its 15,000 members, and its strike will not therefore endanger hospital services. Other doctors' unions are not backing the strike, though one has written to gov-

ernment parliamentary deputies warning that they may lose the doctors' vote in the 1998 elections.

The decrees will impose spending limits on hospitals and doctors and provide for collective and individual sanctions if they are exceeded. Hospitals, which spend some FF135bn (\$68bn) a year or nearly half total medical expenditure, will have to make management contracts of 3-5 years with new regional hospital agencies.

Doctors are particularly upset by a decree reinforcing collective and individual penalties on them for breaching government guidelines on prescription of treatment and medicines. In the future, the government will only allow doctors fees to rise if the guideline, set at a 2.1 per cent rise this year, is respected. Last year health spending rose 5.5

per cent - the government target was 3 per cent.

The new decrees also set a time limit of two months on all cases involving possible sanctions against individual doctors.

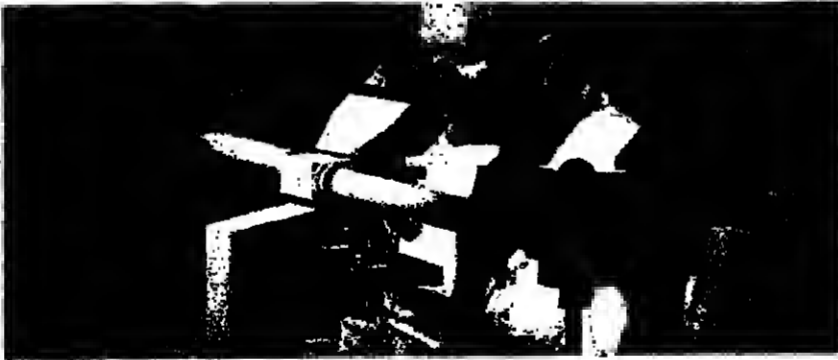
These individual cases have in the past proved so time-consuming to resolve that only 27 out of France's 180,000 doctors were penalised for over-prescription last year.

The French health system is the third most costly behind those of the US and Canada.

Dr Claude Maffioli, the CSMF president, reacted to the new decrees by complaining that "we are moving to a British-style rationing of health care". Yesterday his number two at the CSMF, Mr Hubert Wannepin, described Mr Barrot's threat as empty "because the government is already carrying out its reforms without us".

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Pressure to improve market data

By Robert Chote, Economics Editor

Many emerging market countries have improved the frequency and timeliness with which they release economic statistics, but plenty more remains to be done, according to an international umbrella organisation of financial institutions.

Emerging market countries have come under pressure to improve their statistics since Mexico's financial crisis in early 1995. The evolution of which was blamed in part on poor indicators of economic developments. The International Monetary Fund will unveil its own standards for economic statistics at its spring meeting this month.

QUALITY OF STATISTICS

Country	Frequency	Timeliness	Country	Frequency	Timeliness
Argentina	14	10	Malaysia	12	8
Brazil	17	10	Morocco	8	1
Chile	15	12	Peru	17	15
China	6	5	Philippines	18	13
Colombia	13	10	Poland	14	12
Czech Republic	16	16	Russia	12	4
Greece	10	7	Saudi Arabia	5	1
Hong Kong	7	5	South Africa	14	12
Hungary	15	9	South Korea	16	16
India	10	9	Taiwan	12	11
Indonesia	10	9	Thailand	15	14
Israel	17	17	Tunisia	10	6
Kuwait	10	2	Turkey	17	12
Mexico	17	17	Venezuela	15	12

The Czech republic, Israel, Mexico, Peru, the Philippines, South Korea and Turkey were singled out as good performers, with a dozen or so other countries performing almost as well. China, Hong Kong, Morocco, Kuwait and Saudi Arabia were among the countries which lagged behind.

Mr Charles Dallara, managing director of the IIF, said that better data helped investors to be more discriminating and minimised contagion effects in the markets. The report showed that data coverage tended to be good in areas such as national accounts, inflation, the balance of payments, monetary accounts, exchange rates, reserves and central government budgets. But reporting of private and short-term external debt tended to be weak.

Kuwaiti debtors heed call to pay up

Kuwait's plan to resolve a financial scandal that has plagued its banks for 14 years has been boosted by larger than expected repayments from debtors owing the state hundreds of millions of dinars, Reuter reports from Kuwait City.

US sends troops to Monrovia

The US is sending security troops to Monrovia and preparing for a "sizeable evacuation" of Americans and other foreigners from Liberia's capital if ordered to do so by the State Department. Mr William Perry, defence secretary, said yesterday.

BBC-Saudi TV row reveals raw spot

Raymond Snoddy and David Gardner on why the plug was pulled on Arabic television

The sensitivities over satellite broadcasting in the Middle East have been highlighted by the collapse of an Arabic television service provided by a Saudi-owned company and the BBC, which has hinted that it may take the matter to a London court.



Saudi dissident Masa'ari: a louchy subject for BBC

The BBC said last night it was not going to discuss the legal issues surrounding the termination of the Orbit contract while negotiations were taking place and possible legal proceedings were pending.

The issues that could now go to court range from who broke the terms of the contract and who should meet the redundancy costs of the 250 staff. Saudi pressure on BBC Worldwide was stepped up from early 1995, requiring a conciliatory trip to the Kingdom in March last year by Mr Phillis and Mr Sam Younger, head of the World Service.

Mr Charles Dallara, managing director of the IIF, said that better data helped investors to be more discriminating and minimised contagion effects in the markets.

Rabat to upgrade fish industry

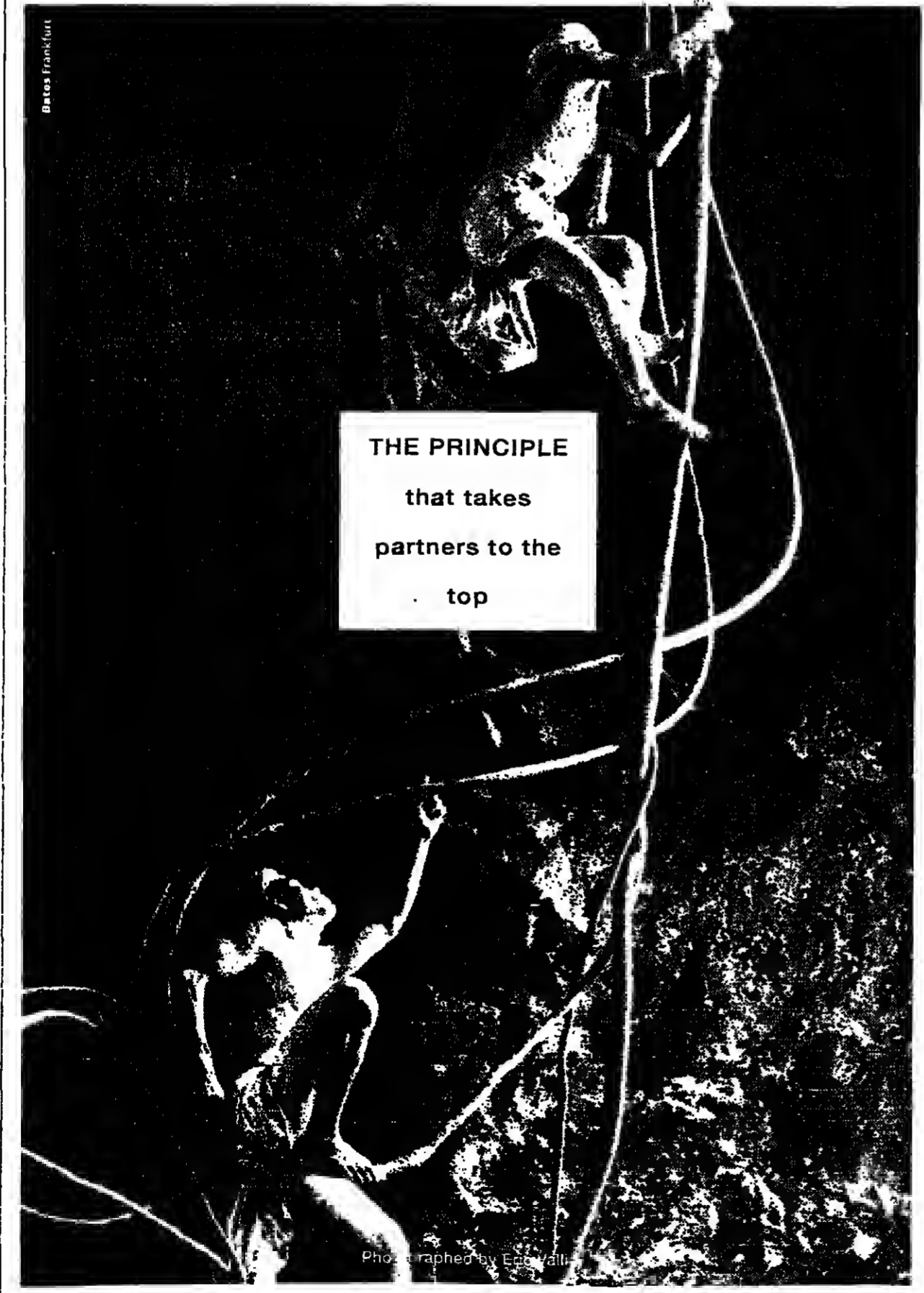
Morocco plans to invest \$1.3bn (\$151m) over four years to upgrade the country's fishing industry and infrastructure, the official MAP news agency reported yesterday.

Nigeria Airways' cash denial

A spokesman for the former management of Nigeria Airways says that the \$100m allegedly missing as reported on February 23 in this column was used to pay off the airline's debts. The spokesman said that the grant was not to start a new undertaking, "Air Nigeria", but to solve the indebtedness of Nigeria Airways.

Algeria action on tax evasion

Algeria plans to set up a ministerial task-force to combat tax evasion, which is estimated to cost the state A.D.2bn (\$37m) yearly in lost revenue, the official Algerian news agency APS said yesterday.



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Encouragement for private sector to build plants

Mexico revives plan for power investment

By Leslie Crawford and Daniel Gambey in Mexico City

Mexico's government is reviving a plan to attract private investment in the construction of new electric power plants, a sector which needs \$11bn of investment in the next six years to keep pace with growing national demands for energy.

An earlier attempt to involve the private sector in power generation, during the administration of President Carlos Salinas, which ended in December 1994, floundered under regulatory obstacles. The new power plants were not to be guaranteed supplies of natural gas, there was no independent authority to set electricity tariffs, and independent power producers were required to sell all their energy to the Federal Electricity Commission, the state monopoly which runs the national electricity grid.

President Ernesto Zedillo's government, which succeeded that of Mr Salinas, has cleared some of these stumbling blocks so as to rekindle the interest of foreign and domestic investors.

The gas sector, for example, has been partially liberalised to let independent companies build pipelines and market gas. The energy ministry has a list of 21 power plants which must be built by 2004 to meet Mexico's projected electricity demand, which grows at 5 per cent a year. The first of these projects, a 440MW gas-fired power station in the Yucatán peninsula, known as Mérida III, is expected to be put to tender this month.

"The government is operating under severe financial constraints as a result of last year's economic crisis," says Mr Alfredo Phillips, head of the ministry's new Investment Promotion Unit. "We need to involve the private sector in electricity because the government no longer has the resources to invest in new power generating facilities."

Potential investors, however, are concerned about Mexico's heavily subsidised electricity tariffs, which would make any investment in the energy sector unprofitable without a sharp tariff adjustment.

"If the government wishes to encourage independent power

producers, it must be prepared to buy electricity at market prices, even if the Federal Electricity Commission chooses to maintain subsidies to the end user," says Bufete Industrial, one of Mexico's leading construction companies.

Mr Phillips admits the government has yet to work out pricing policies that reassure private investors. In the meantime, the commission will negotiate purchase prices with each independent power producer. There are no plans, he said, to create a free market in electricity, as private sector producers will still be required to sell all their power to the government.

A large delegation from Canada, headed by Ms Anne McLaughlin, energy minister, visited Mexico City last month and told Mr Phillips clearer regulations and safeguards were required before Canadian companies would commit large investments to Mexico.

Foreigners are also wary of Mexico's attempts to liberalise the energy sector after the government's about-turn last month in the privatisation of the petrochemical industry.

Drugs make for murder metropolis

Angus Foster examines why the homicide rate in São Paulo has risen to one an hour

São Paulo, the biggest city in South America, has just gained a more chilling claim to fame: recent statistics show the murder rate passing one an hour.

Homicides have risen relentlessly in past decades, blamed on social privation, drugs and official incompetence. Most murders take place far from the business and political elites, who have rarely made the problem a priority. But the sudden acceleration since 1993 has focused attention on urban violence and highlighted one of Brazil's worst social problems.

A total of 7,368 people were murdered in São Paulo last year, an increase of 50 per cent since 1992. The number was nearly twice as high as that of Rio de Janeiro, the country's other city infamous for violence. São Paulo has the larger population - of about 16m - so its murder rate of 46 per 100,000 inhabitants is still lower than that of Rio - 87. By either measure, total or rate, both cities are among the most violent in the world.

The recent increase in homicides in São Paulo has a range of explanations. The arrival of crack cocaine in 1990-1991 is one of the most obvious. Crack is mainly distributed by small dealers and sold for the equivalent of about \$10 a "stone",

Homicides in São Paulo



Source: State government

enough for several hours.

Unlike expensive drugs such as refined cocaine and heroin, crack has swept through the favelas (shantytowns) that surround São Paulo.

Mr Guaracy Mingardi at the University of São Paulo says few of the drug-related deaths stem from fights for control of territory or distribution. Instead, most are the result of fights between people under the effect of the drug, and the result of debt collection. Addicts who do not pay their suppliers can be killed for \$50, enough to buy a day's consumption of crack, according to Mr Sérgio Abdalla, police

chief at Capão Redondo, São Paulo's most violent region.

The city's drug problem is different to that of Rio de Janeiro, where shoot-outs between rival drug traffickers over territory are a serious source of violence. Rio traffickers are bigger operators who control entire favelas, usually with the help of armed gangs. They have thus been better able to prevent the entry of crack, which they fear could undermine their businesses.

Most analysts agree that crack alone cannot explain the rise in homicides. Social problems stemming from Brazil's economic crisis in the 1980s -

including unemployment, alcoholism, and overstretched social services - are commonly seen as causing a breakdown in respect for the state. The spread of firearms, used in 90 per cent of murders, and the public's loss of confidence in the police are also cited.

Shanty residents say the police are more of a hindrance than a help. Officers are often suspected of executions and drugs-related killings.

The police pass the buck to the authorities. Mr Abdalla says requests for better support are always ignored, leaving him with 30 detectives for an area of 200,000 people which last year had 556 murders.

Most analysts agree the police's failure to deal with the problem exacerbates it, by prompting vigilante justice. "People don't kill because they know they won't be caught, but because they know the state won't punish the person they think has wronged them," says Mr Jairo Fonseca, a human rights lawyer at the Brazilian lawyers' association.

Tackling the problem of rising homicides will be difficult. São Paulo state's budget, as with most Brazilian states, has no funds for police pay rises and training, which analysts say would be an incentive against corruption. The federal

government says its powers are limited, and admits patrolling Brazil's huge borders against drug and gun smuggling is extremely difficult.

Despite the shortage of money, analysts say some measures could be taken to start tackling the problem. An overburdened justice system is used to sending people to prison even for such minor infractions as traffic offences. There are three times as many prisoners as jail places in São Paulo and police officers spend much time preventing break-outs from overcrowded police stations. Mr Fonseca says petty criminals should do community work rather than clog the prisons.

Restrictions on carrying guns, and stricter licensing, could also help. Anyone without a criminal record and a regular job can obtain a gun licence.

The problem with both suggestions is public confidence. The apparently inconvertible homicide rate, and media attention on other violent crimes, is prompting more people to carry guns and to oppose prison amnesties. Unless the authorities and police can stop the decline in public trust, such cities as São Paulo could become caught in a vicious, violent circle.

Sector enjoys sixth year of growth

Go-karts move full speed ahead

By John Griffiths

Despite the recession which hit Detroit's Big Three car makers in the early 1990s, one North American vehicle sector has enjoyed rapid market growth for five successive years and is poised for a sixth.

The fortunate sector is, according to industry monitoring group Power Systems Research, go-karts.

US production of the tiny vehicles jumped from 68,000 in 1990 to 128,000 last year, providing US engine manufacturers Briggs and Stratton, and Tecumseh, with an increasingly valuable market. According to PSR, they "show no signs of slowing for a market 'pit-stop' any time soon".

PSR, which is based at St Paul, Minnesota, says some 18 manufacturers are now involved in producing "fun" karts, relatively unsophisticated machines intended for informal recreational use rather than circuit racing.

They make up the single largest sector of the market, with 106,000 karts produced last year, a 10 per cent rise on the level of 1994. The sector is dominated by three producers: market leader Manco Products of Fort Wayne, Indiana, which built 26,400 units last year, Carter Brothers of Brundidge, Alabama (24,900), and Ken-Bar Manufacturing of Cornelia, Georgia (32,000).

The "fun" karts sector does not amuse Japanese engine makers, however. With only 1,000 of last year's output powered by Japanese engines, from Honda, this is virtually all-American manufacturing. Engines made by Briggs and Stratton, based at Milwaukee, Wisconsin, are to be found in well over 90 per cent of karts made by the three leading players, or more than 70,000 units.

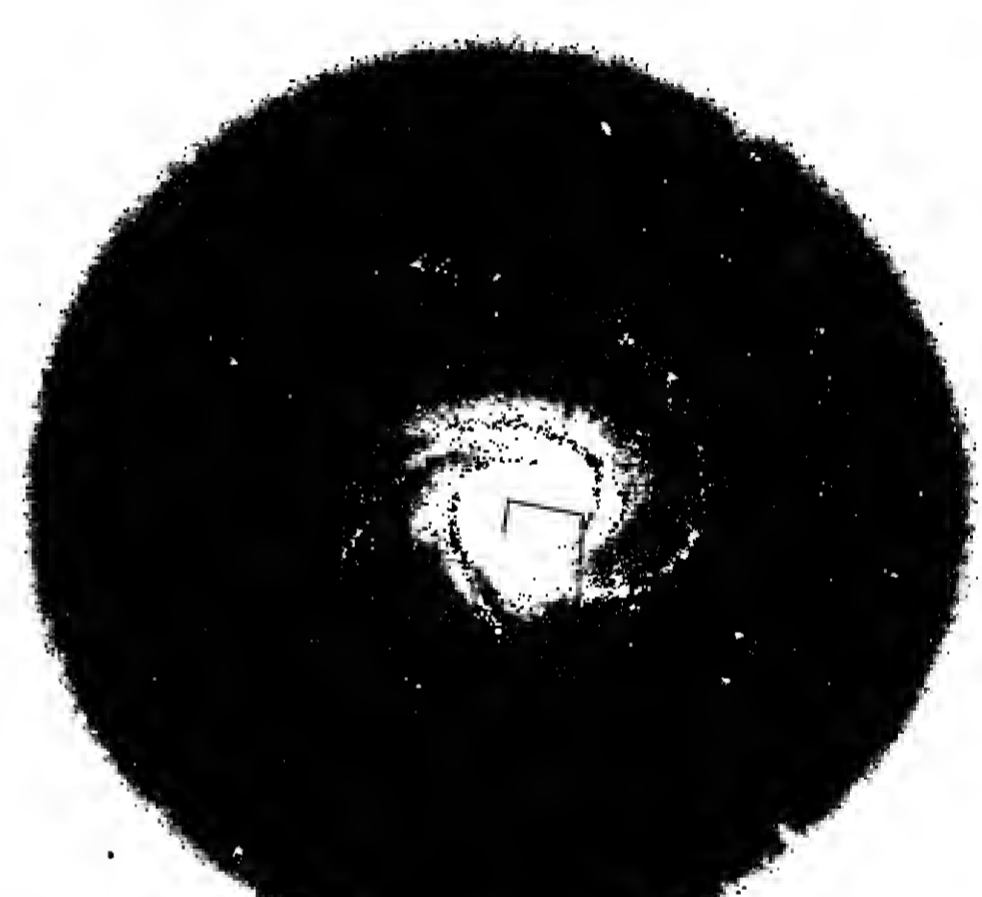
But the picture changes markedly when it comes to concession karts - those available for hire at thousands of tracks across North America. The 9,000 such karts produced last year - up 20 per cent on the 1994 level - were powered exclusively by Honda engines, according to PSR.

The remainder of US production - go-kart imports are virtually non-existent - is made up of pure-bred racing machines, many of which are capable of speeds well over 100mph. Of the 18,200 produced last year, 13,000 were made by Racing Kart Manufacturing of Harrisburg, in the heart of North Carolina's rapidly expanding motor manufacturing industry.

With more tracks continuing to open across the US, "sales should remain in high gear", says PSR, which predicts annual growth of at least 5 per cent through to the end of the century.

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AMERICAN NEWS DIGEST

US wholesalers' inventories fall

Stocks of unsold goods with US wholesalers fell in February, for the first time in nearly two years, the Commerce department said yesterday, signalling progress in trimming inventories. Total inventories fell 0.2 per cent to a seasonally adjusted \$255.8bn, after a revised increase of 0.6 per cent in January. It was the first monthly decline in wholesale inventories since a 0.5 per cent fall in March 1994, department officials said.

The report shows that the "inventory correction" may be coming to an end. Big stocks of unsold goods that forced manufacturers to restrain production were cited as a drag on economic growth through much of last year.

Sales of all types of goods by wholesalers rose 0.8 per cent in February to a seasonally adjusted \$194.4bn, after a revised decrease of 1 per cent in January, the department said.

The report is the latest suggestion of renewed strength in the US economy after weakness late in 1995 and early this year.

Reuter, Washington.

Venezuela may seek banker

Venezuela is likely to seek the extradition of Mr Orlando Castro Llanes, arrested last week in Florida and one of a dozen bankers implicated in the 1994 Venezuelan banking crisis.

He has been held in Florida awaiting a decision on his possible transfer to a New York court. He faces charges, with his son and grandson, of defrauding depositors of Banco Progreso Internacional de Puerto Rico, an off-shore operation of Venezuela's Banco Progreso, of more than \$55m.

But Mr Jesús Pettit da Costa, attorney-general, said: "They should be tried in New York (because) there exists impunity in Venezuela." He added that an extradition request would be precautionary, in the unlikely case that the Castro family was not to be tried in the US.

Raymond Collis, Caracas

Rifkind to visit Argentina

Mr Malcolm Rifkind, UK foreign secretary, will travel to Argentina at the weekend in the first such visit since the Falklands war of 1982. Mr Rifkind is to have lunch with Mr Guido Di Tella, Argentina's foreign minister. A British foreign office spokesman described the meeting as a social visit, where office spokesman described the meeting as a social visit, where various bilateral issues could be raised. This will be the first high-level contact by the two sides since a dispute last month over fishing licenses in the south Atlantic near the UK dependency of South Georgia.

Angus Foster, São Paulo

NEWS: ASIA-PACIFIC

Hanoi reveals plan for economy

By Jeremy Grant in Hanoi

Vietnam's ruling Communist party yesterday revealed its plans for the next five years of economic reform ahead of a crucial congress in June, committing itself to rapid growth but making clear its determination to maintain the state's grip on the economy.

central committee, said the country was moving into a new period of industrialisation and modernisation. The report said that by 2000, per capita gross domestic product would be double the level in 1990. It is currently about \$200. Average annual GDP growth would be between 9 and 10 per cent.

aims to push ahead with a so far stalled programme of privatisation but the document made clear that majority stakes in state enterprises should be held by the state.

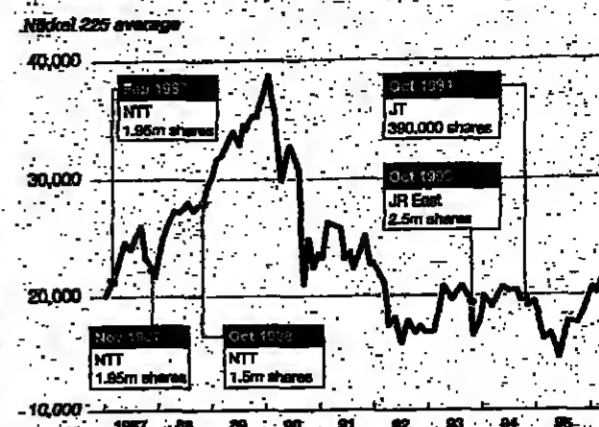
between reformers and conservatives at the congress, the leadership may consider delaying some decisions by holding a mid-term party congress.

Japanese eager for more state sell-offs

The recent rally which has boosted the Nikkei to a four-year high has encouraged ministry officials

The Japanese business year, which started this month, has brought a revived eagerness among government officials to go through with long-delayed plans for the offering of shares in former state-owned companies.

Japanese government share offerings



companies, was listed in 1993. The former JNR was broken up into seven regional railway companies in 1987 with ¥25,500bn in debt transferred to an entity called JNR Settlement Corporation.

The offerings are crucial for the ministry when tax revenues are declining and government spending has kept rising. The finance ministry at present holds 10.6m shares, or 65.5 per cent, of NTT, which listed in 1987, and is considering selling 500,000 of its holdings.

The government had intended to use proceeds from the listing of the biggest three companies and land sales formerly owned by JNR to repay the debt, but missed the opportunity due to the plunge in stock and property prices. The debt has accumulated interest over the years and the government is expected to have to resort to taxpayers' money to relieve JNR Settlement of the total amount.

Tokyo TV chief resigns over film shown to cult

By Gerard Baker in Tokyo

The president of Japan's largest commercial broadcaster resigned yesterday after a storm of public protest over a broadcast television programme that made about Aum Shinrikyo, the cult accused of a nerve gas attack on the Tokyo subway last year.

in 1986, the lawyer, Mr Tsutsumi Sakamoto, accused Aum's leaders of a range of crimes against cult members. When the sect's leaders demanded to see the interview before it was broadcast, TBS obliged.

share price has fallen in recent weeks, but recovered some ground yesterday on the news of Mr Isozaki's resignation.



Stepping down: Isozaki of the Tokyo Broadcasting System

Pension row in Australia

By Niddi Tait in Sydney

Mr Bernie Fraser, governor of Australia's Reserve Bank, was yesterday forced to defend the central bank against parliamentary allegations that the trustees of its own pension fund might have made investment decisions based on prior knowledge of monetary policy.



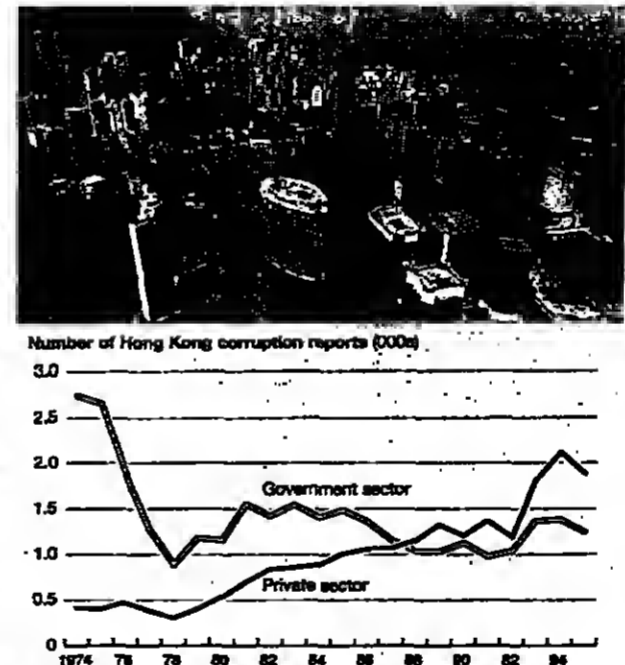
Defensive: Bernie Fraser

are concerned is that these sales occurred a year or so before the bank tightened monetary policy," he said. "It should, therefore, be obvious that trustees could not have been motivated by fore-knowledge of an impending tightening of monetary policy."

Hong Kong holds line against corruption

But fraud fighters face tests after 1997 handover

There are two lines on the chart traced by Mr Tony Kwok, head of operations at Hong Kong's Independent Commission Against Corruption (ICAC). One records reports of graft in the private sector, the other in public administration.



ing, including a case where five stolen Mercedes were found inside a single container. In response, authorities on either side of the border have stepped up co-operation. Since exchanges started in 1988, the ICAC has conducted 80 visits to China to interview a total of 120 witnesses in corruption cases. There has been a similar flow in the opposite direction.

Mr Kwok, who joined the commission in the 1970s when it was launched and took up his new post last month, is confident the problem will be held in check.

ing effects that could result if China seeks to curtail the pay of Hong Kong civil servants in an attempt to narrow the gap with their mainland counterparts.

ASIA-PACIFIC NEWS DIGEST

Lehman settles with Sinochem

Lehman Brothers announced yesterday it had settled with a subsidiary of China's giant Sinochem oil trading corporation in a legal dispute over losses incurred by the Chinese company, but two further cases involving the US investment bank and Chinese entities are pending.

Thai SEC to expose offenders

Thailand's Securities and Exchange Commission plans to publicise the names of individuals and companies it fines or reprimands, Mr Pakorn Malakul na Anudhya, the commission's new chief, told The Nation newspaper.

Japanese budget block

Japan's coalition and opposition parties faced again yesterday to reach agreement on how to proceed with the government's controversial plan to spend ¥680bn (\$6.3bn) to help bail out of the country's bankrupt housing loan companies.

Machinery orders rise

Japanese companies spent 1 per cent more on buying machinery in February than they did the previous month, supplying further evidence of the emerging economic recovery.

Mandarin Oriental, Manila. A cocoon in the centre of Makati. Where to find the rest of the World's Finest Hotels & Resorts. The Oriental, Bangkok. Kahala Mandarin Oriental, Hawaii. Mandarin Oriental, Hong Kong. Mandarin Oriental, Jakarta. Mandarin Oriental, Macao. Mandarin Oriental, San Francisco. The Oriental, Singapore. Hotel Majapahit, Surabaya. Baan Tahing Nyan, Koh Samui, Thailand. Phuket Yacht Club, Thailand. Hotel Red Vista, Macao. Mandarin Oriental, Kuala Lumpur (1997).

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NEWS: WORLD TRADE

WORLD TRADE NEWS DIGEST

China deal for Belgian brewer

Interbrew of Belgium, the world's fourth largest brewer, yesterday signed a \$24m agreement with the Blue Sword brewery in Sichuan, China's most populous province.

Chinese CD piracy rises

Chinese compact disc factories are producing more pirated CDs now than before China signed an agreement last year to stamp out piracy, representatives of US CD manufacturers said yesterday.

Developer urges Thais to stand by transit contract

Mr Gordon Wu, managing director of Hong Kong's Hopewell Holdings, yesterday asked the Thai government not to cancel his company's \$3.2bn mass transit project in Bangkok.

United Microelectronics of Taiwan has signed a cross-licence agreement with International Business Machines of the US in exchange for semiconductor and related technology.

Mitsui of Japan has signed a memorandum of understanding to build a power plant and urea fertiliser plant in Burma.

'New page of co-operation' enables Moscow to break into lucrative market Russia launches US-built satellite

By John Thornhill in Moscow Russia's beleaguered space industry yesterday received an encouraging boost when it successfully launched a US-built satellite on a Proton rocket.

launch team at the Baikonur cosmodrome in the former Soviet republic of Kazakhstan. Following the break-up of the Soviet Union in 1991, Russia retained a strategic interest in the Baikonur cosmodrome, which was the main centre for the development of the Soviet space industry.

Qatar contracts for gas project

The Gulf Arab state of Qatar yesterday awarded \$1bn worth of contracts to foreign engineering companies to exploit the country's enormous gas reserves. Reuter reports from Doha.

Developer urges Thais to stand by transit contract Sweet smell of success for Greek investors

Four design points remain at issue, including the sensitive question of what the project - which includes a tollway, an elevated light rail system, raising the existing heavy rail system above street level and associated retail developments - will look like as it passes by Chitlada Palace, residence of Thai King Bhumibol.

Encouraged by a brighter political climate and a recovery in bilateral trade since the blockade was lifted last September, larger Greek companies are now considering investments in Macedonia.

Encouraged by a brighter political climate larger Greek companies are considering investments in Macedonia

Mytilinaios agreed to sell 40,000 tonnes of Macedonian lead and zinc concentrate on international markets this year.

Mr Wu said Sumitomo Bank of Japan had formed a consortium to provide Hopewell with the financing it needs if problems with government approval are overcome.

with market reforms, the privatisation process is sometimes unpredictable.

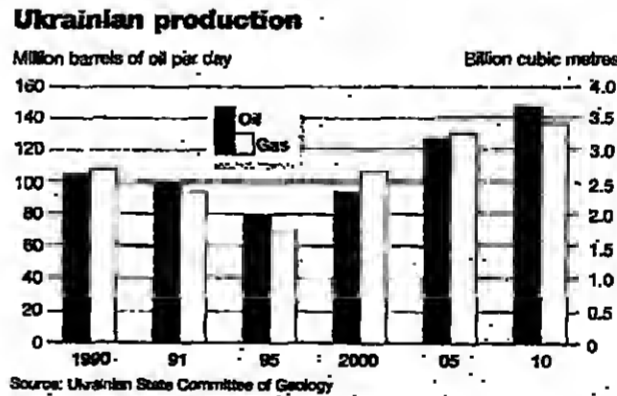
Qatar's three LNG projects are expected to dwarf the earnings from the country's typical oil production of around 450,000 barrels per day.

Small energy players ready to leap ex-Soviet republic hurdles

Matthew Kaminski finds pioneer investors ready to take on challenge

Mr William Cox took only nine months to get his Oklahoma oil company up and running in Moldova, the small Romanian-speaking nation neighbouring Ukraine.

Transcarpathian region, the Dnieper basin and off the Black Sea coast.



Source: Ukrainian State Committee of Geology

logical data and a competitive world market are the hurdles they must overcome.

Company officials said profits were strong and Ukraine's six under-utilised refineries were eager to buy production, making export unnecessary.

Table with 2 columns: Country, Rate. Title: OECD EXPORT CREDIT RATES. The Organisation for Economic Co-operation and Development announced new minimum interest rates (%) for officially supported export credits for April 15 1996 to May 14 1996 (March 15 1996 to April 14 1996 in brackets).

Mr Peter Dixon, asset director at JXX Oil & Gas, told an investment conference in Kiev last month that "certainly there have been bureaucratic, legal and fiscal hurdles to overcome".

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Handwritten Arabic text: سكران الاموال

Row over executive pensions delays report

By Jim Kelly, Accountancy Correspondent

Publication of an independent report outlining how UK companies should disclose the value of directors' pensions was postponed after a meeting between its authors and government and Stock Exchange officials yesterday.

The delay, until the end of this month at least, is likely to fuel charges that there has been a fierce behind-the-scenes campaign to soften the impact of the controversial pension proposals.

The opposition Labour party is expected to seize the issue and accuse the government of pandering to business leaders over the extent of disclosure rather than meeting the needs of shareholders.

The DTI released £660 (£1,000 to OFC after completion of a trade mission to Qatar, Saudi Arabia and Bahrain, said Mr David Tunks, who managed the trade mission last October for the Thames Valley Chamber of Commerce.

much simpler and less volatile. It would also be cheaper to implement. Officials from the DTI and Stock Exchange met the actuaries last week. Neither would comment yesterday on what they will do with the report once it is published, but there are increasing signs that both have sought time to prepare detailed responses.

They are also likely to stress the need to find a consensus. They will point to the large numbers of respondents to the actuaries' own consultation exercise who backed one of the other five possible disclosure options.

Doomed ostrich company had government support

By Clay Harris in London and Neil Buckley in Amougies, Belgium

The British government's Department of Trade and Industry provided financial support to Ostrich Farming Corporation only months before its move last week to wind up the company which has taken in millions of pounds from investors in ostriches.

Marketing, the company which handled UK marketing for OFC, said yesterday: "They were not expecting to find it [the farming operation] was real, but I think they have."

tor of OFC, visited him on Saturday to count birds and inspect the facilities. They investigated claims - firmly rejected by Mr Nachtergaele - that some birds were injected with more than one microchip tagging device, so that several owners could see that their ostrich was theirs.



Mr Bob Walker was pulling in the crowds yesterday at his newly opened butcher's shop in the English Midlands selling steak, mince and stewing meat - all made from horses.

State sector offloading 1m sq metres of unwanted office space

By Simon London, Property Correspondent

Four years ago, M16, the security service, moved to an impressive new headquarters at Vauxhall Cross beside the River Thames in central London. It left behind Century House, an ugly 1960s office building in nearby Lambeth.

UK NEWS DIGEST

US groups join multimedia project in Wales

About 500 permanent jobs are expected to be created in a £50m (£75m) project to develop a multimedia park in Cardiff Bay, south Wales. Celtic Gateway, the consortium behind the project, has been formed by Orion Network Systems of the US, CableTel South Wales, the US-owned company which has the local cable franchise; its joint venture partner Hyder (formerly Welsh Water); Christiani & Nielsen, an international construction group and TCI Corporation, a London-based financial and marketing company.

The consortium seeks to attract multimedia, financial services and call centre companies to a 12.5ha site. It believes there is potential to create up to 3,500 jobs at the park during a five-year development programme. In the first phase, Celtic Gateway plans to build a 9,500 sq m multi-occupancy building. The project is being financially supported by the Welsh Development Agency and Cardiff Bay Development Corporation with some initial funding from Bank of Wales.

Income inequality grows

The UK saw the largest increase in income inequality in Europe during the 1980s, and the trend is likely to continue, says the latest issue of the Oxford Review of Economic Policy. All European countries saw a long-term trend towards greater equality checked in the late 1980s, but the shift was deepest in Britain. "The largest and most sustained episode of increasing inequality during the 1980s was in the UK," the study argues.

It shows that Britain displayed a strong equalization in wealth distribution from the 1920s until the end of the 1970s, but that this was reversed in the 1980s. The study says that the "most significant factor" in the increasing equality was the steady accumulation of assets by people below the top capital strata in the country. The report suggests that the trend away from equalisation is likely to continue. It says this is likely to be true largely because of the higher returns currently generated by investments in securities, which tend to be held by wealthier people, relative to those from other assets such as property.

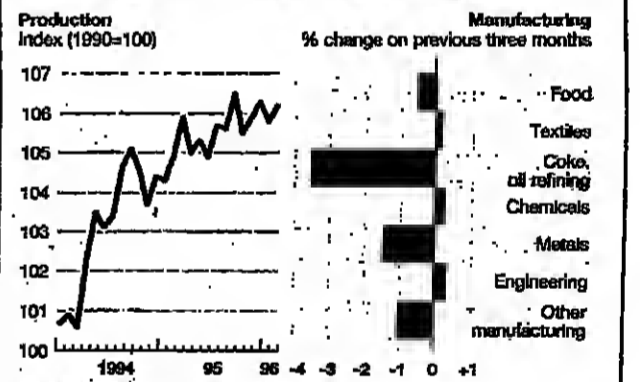
The study also notes that the European Union as a whole still has a far more even income distribution than the United States. It says this is true despite higher average income in the US largely because the poorest groupings there are significantly worse off than most of their European counterparts.

Retailers increase orders

Retailers increased orders placed with their suppliers last month by the fastest rate for more than two years, says a business survey. The increase should boost hopes that stronger consumer spending will raise factory output in the coming months. However, any upturn in consumer spending has not helped manufacturers much yet; separate figures yesterday showed that factory output was sluggish in February.

Measured overall, manufacturing output fell by a seasonally adjusted 0.5 per cent in the three months to February compared to the previous three months, while industrial production rose 0.1 per cent. This left the Office for National Statistics estimating that the trend annual growth rate in

Patchy economic picture emerges



manufacturing and industrial production is now zero - the worst pattern for more than three years. But there are sharp distinctions between sectors. Although output of raw materials and investment goods has been weak recently, output of consumer goods has risen sharply. This patchy picture may reflect de-stocking. However, it may also reflect the changing nature of the UK recovery. For whereas exports drove the economic upturn in 1994, these have weakened in recent months as European growth has slowed.

Mortgage rates are cut

Britain's diehard mutual building societies raised the stakes in the mortgage war with another cut in their mortgage rates. The Nationwide and Yorkshire building societies, two of the largest home loan groups which remain committed to mutual ownership, said they would cut their standard mortgage rate by 0.25 percentage points to 6.74 per cent. That is the lowest rate for 30 years, and undercuts by half a percentage point the 7.24 per cent rate offered by most of the larger lenders who have either converted themselves into limited liability banks or plan to do so.

Imports boost share of car market

Table showing market share of cars by manufacturer. Columns include Manufacturer, 1995 Sales, 1994 Sales, and % change. Rows include Ford, Jaguar, General Motors, Vauxhall, Saab, BMW, Rover, Peugeot, Citroen, Volkswagen, Audi, SEAT, Skoda, Renault, Nissan, Fiat, Alfa Romeo, Toyota, Honda, Mercedes-Benz, Volvo, and Korean makes.

March data from the Society of Motor Manufacturers and Traders confirmed that the new car market was largely sustained by fleet purchases. However, even the 3.9 per cent rise in fleet and business buying was not enough to offset the fall in private purchases. The National Franchised Dealers Association said prices of new cars were too high.

Suppliers of farm chemicals are accused over advice

By Jenny Luesby in London

British farmers' profitability is being threatened, and land unnecessarily polluted because of poor advice from agrochemical retailers, according to chemical manufacturers and independent researchers. Since the progressive phasing out of national crop trials in the UK during the 1980s, retailers have become the main source of information for farmers on how best to use herbicides, pesticides and fungicides.

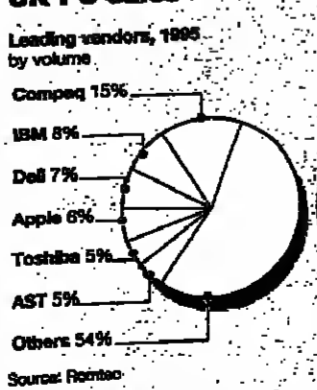
Mr Peter Limb of Nottinghamshire confirms that they are using the product at half the manufacturer's recommended rate. British farmers are often receptive to the idea of half doses. Many are suspicious of agrochemical manufacturers' recommendations and averse to applying ready-made mixes at dictated levels. They also tend to trust retailers, who are regular visitors to their farms.

Mr Denis Ward of Ukasta, the retailers' trade organisation, denies that retailers are recommending half doses of Opus. "It is impossible to imagine this happening, particularly at the moment, when growing conditions are not good. There would be no gain to doing it," he said.

Biggest PC makers tighten grip on market

By Paul Taylor in London

ICL's recent decision to pull out of the loss-making personal computer business consolidates the grip of the world's largest PC makers over the UK market. ICL decided to place its volume products operations under the control of Fujitsu, its Japanese parent. The UK market for PCs was worth about £4.5bn (£6.9bn) last year according to Romtec, the market research firm. The market was already dominated by a handful of international vendors including Compaq Computer, International Business Machines, Dell Computer and Apple Computer of the US. These manufacturers and two others together accounted for 46 per cent of the buoyant UK market last year. The two were Toshiba of Japan, which sells portable machines, and AST Research, the struggling US personal computer manufacturer now controlled by Samsung, the South Korean electronics group. In 1995 the UK market for PCs grew by 21 per cent to 2.7m units according to Romtec's Market Monitoring Service. The main international



competition which has seen PC prices slashed by most of the big vendors by up to 30 per cent in the past month. Players in the UK market with shares of between 1 per cent and 3 per cent include Hewlett Packard and Digital Equipment of the US, Olivetti of Italy and two retail specialists. The two are Packard Bell of the US and Escom of Germany which acquired the Rumbelow retail chain in Britain last year. Smaller indigenous PC manufacturers include Amstrad's Viglen, Elonex, Opus and Apricot Computer, which is owned by Mitsubishi. Like Fujitsu with the Fujitsu ICL brand, Mitsubishi is attempting to use Apricot's established base in the UK as a springboard to expand its European and worldwide PC operations. Last month Mitsubishi announced plans to invest £131m in Apricot, creating more than 400 jobs in the UK and 300 in mainland Europe. Mitsubishi's UK expansion plans, like those of Fujitsu, reflect the need to become a global manufacturer and to increase PC volumes in order to survive in the fast moving

and fiercely competitive PC market. While competition and pressure on margins are likely to put further squeezes on second-tier manufacturers in the UK as elsewhere, another sector of the market continues to thrive. The third tier of PC vendors consists of small companies such as Dan Computer and M/JN Technology, part of Granville Technology Group, which mainly use commodity components sourced from the Far East to assemble low-cost machines locally. Although they lack the purchasing clout of the global manufacturers, they have highly flexible cost structures and their small size enables them to respond quickly to changes and adopt new technologies quickly. Niche market specialists such as London-based Psion, which has emerged to become the world leader in hand-held computers, also continue to thrive in the UK. But like most of the country's other computer manufacturers, Psion recognises that much of the growth in future will come from outside the UK.

LEGAL NOTICES

IN THE MATTER OF USDC INVESTMENT TRUST PLC AND IN THE MATTER OF THE INSOLVENCY RULES 1986. In accordance with rule 4.10(1) of the Insolvency Rules 1986, notice is hereby given that the Liquidator and the Receiver of the assets of the above-named company are to meet on 27th April 1996, at 11.00 am, at the offices of the Insolvency Practitioners, Messrs. G. & J. ...

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ARTS

Television/Martin Hoyle

Catchpenny viewing over Easter

The peak viewing on the holiest day of the Christian year was provided by Ruby Wax meeting a notorious Hollywood whore...

ignorance (oh come on, Joaniel). BBC2 hardly helped, with a more than usually leisuredly and discursive Bookmark on Samuel Beckett...

to the point, he showed less complexity and subtlety in the rule than in any one episode of Cheers. The trouble was that Simon Moore's "adaptation" (i.e. complete rewrite) interlarded the famous voyages with a plot about Gulliver back home...

both black and white where the enlightened black queen spoke of justice and the common good, the producers thus craftily combining liberal appeal with the likelihood of transatlantic finance...

"comedy drama" by John Sullivan, he of the matchless Only Fools and Horses. Farce? Sitcom? Nostalgic sentimentalism? Despite the mixture of styles in both writing and acting...

posher middle-class couple have a daughter harassed by her father's ambitions and her mother's fussing. There was also a mother who surreptitiously followed her son from London and kept an eye on him with the help of helpful traffic wardens and lovable street-sweepers...

glimpsed fortune-teller. There is something exhilarating about watching good acting. We still do it well, and ensemble playing can be as exciting as a Wimbledon final...

Opera A team effort 'Orfeo'

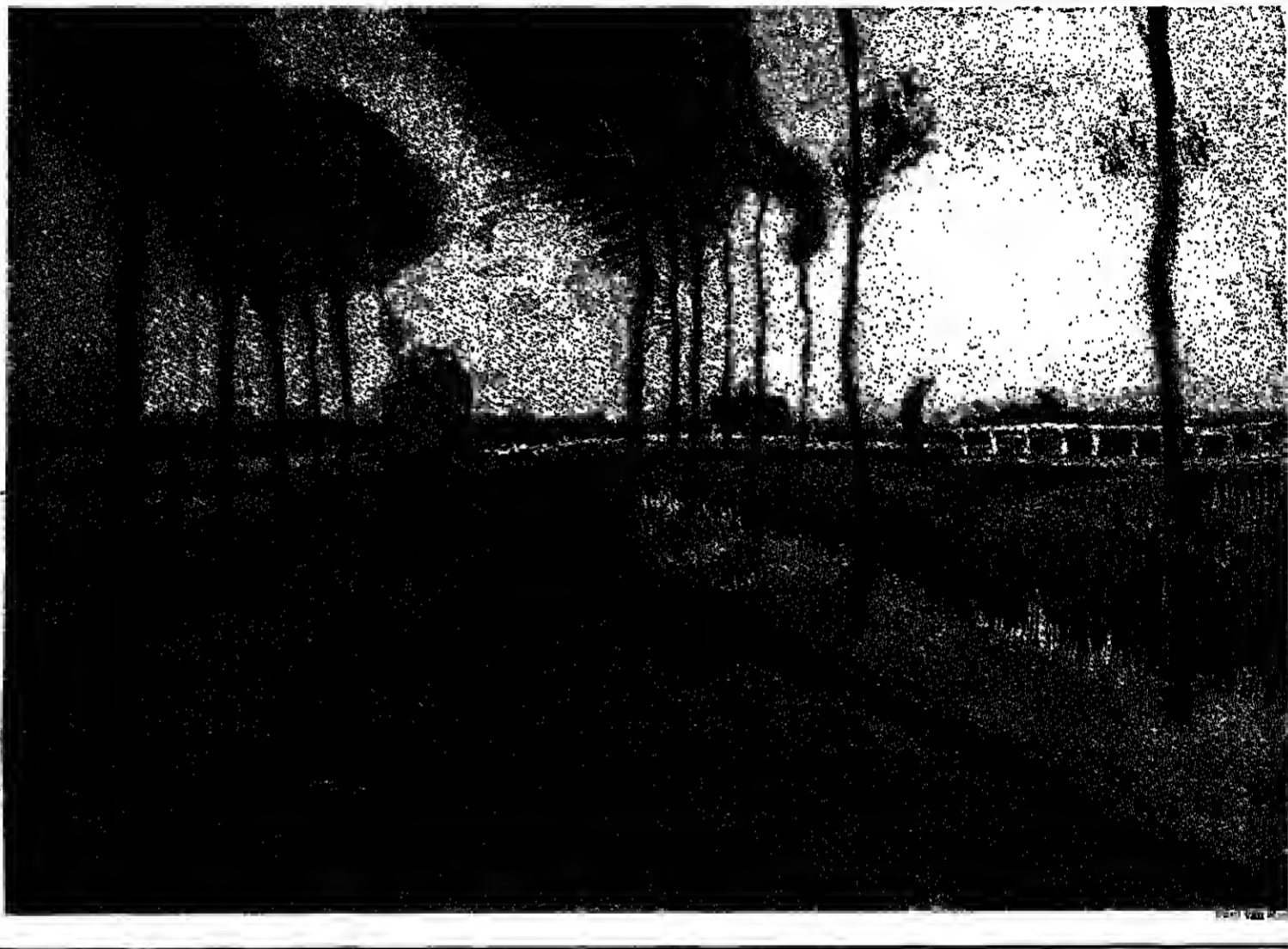
Even the wealthy court of 17th-century Mantua could not afford a theatre the size of the Coliseum. That is the problem when it comes to putting on operas as small in scale as those of Monteverdi...

Drawn by Van Gogh

An unsigned drawing is being unveiled in Amsterdam today, reports Adam Hopkins

An unsigned drawing in pencil, chalk and watercolour has been identified as the work of Van Gogh. The drawing, showing a woman carrying a child on a windy day along a road in an unmistakably Dutch landscape...

drawings, re-cataloguing the museum's 450 Van Gogh drawings and 100 sketches, the largest collection in existence. Van Heugten, whose study included comparisons with Van Gogh drawings in other collections, was already aware of a group of three drawings on identical sheets...



Last week the latest instalment of the South Bank's "Towards the Millennium" series, which has now reached the 1950s, matched Pierre Boulez against Hans Werner Henze, Le Mariage sans mariage against the latter's Kammermusik 1958...

longer than it needed to be. The comparison was intriguing. When Boulez's Le Mariage began to do the international rounds in the late 1960s (always played by virtuosi, for hardly anyone else could even read it), it registered at once as the most rigorously new music we had heard...

Concert/David Murray Boulez and Henze song-cycles. Academic serialism (Stockhausen), Italian opera (Nono and Berio) and so forth. Le Mariage sounded like almost nothing else - except, as Stravinsky pleasantly observed, the clinking of ice in cocktail glasses...

expressionist but coolly abstract, hermetic. Among the spidery lines of the music, nothing much like "harmony" can be detected, nor melody either (hardly a phrase is ever repeated), and the crackling rhythms are elusive. Yet it has the stamp of rigid purpose, like a taut, intricate mechanism...

comes from Henze's Italian period. Like Le Mariage, it comprises not only "songs" but instrumental commentaries upon them, and gentle guitar interludes (exquisitely shaped here by Steven Smith). Most of Henze's favourite ingredients crop up in the heady brew: wistful Italianisms, lusty instrumental picture-painting, near-Wagnerian stretches...

So does the slow, stylised rowing of Charon, ferryman of the underworld, who was sung here with chillingly unwavering, dark as night bass tone by Brian Matthews. Guy de Mey, the specialist early music tenor, is the guest Orfeo from Belgium, singing the title-role in idiomatic English, though he sometimes leaves the music's expressive potential unused...

Richard Fairman Further performances until April 26. A group of Greek villagers meets to enact the myth of Orpheus. Each has a part to play, whether god or hero, shepherd or peasant. The story is told simply in the manner of a mystery play, though mixed with the kind of physical theatre that has always interested Freeman...

INTERNATIONAL ARTS GUIDE. AMSTERDAM: Concertgebouw, 31-20-5730573. BERLIN: Deutsche Oper Berlin, 49-30-3438401. BONN: Oper der Stadt Bonn, 49-228-7251.

EDINBURGH: The Queen's Hall, 44-131-6683456. LEIPZIG: Oper Leipzig, 49-341-1261261. LONDON: Purcell Room, 44-171-9604242. MARSILLE: Opéra de Marseille, 33-91 55 00 70.

MILAN: Teatro alla Scala di Milano, 39-2-72003744. MUNICH: Nationaltheater, 49-89-21851920. NEW YORK: Alice Tully Hall, 1-212-875-5050. PARIS: Salle Gaveau, 33-1 49 53 05 07.

STOCKHOLM: Kungliga Teatern - Royal Swedish Opera House, 46-8-7914300. TURIN: Teatro Regio, 39-11-88151. ZURICH: Tonhalle, 41-1-2063434. SAN FRANCISCO: Louise M. Davies Symphony Hall, 1-415-864-8000.

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Wednesday April 10 1996

Fears of a US resurrection

A second batch of very healthy US employment data for March sent bond and equity markets tumbling over the Easter weekend. Investors had been expecting the world's largest economy to rise again over the course of 1996 but not, apparently, with such unseasonably haste.

Second, the monthly payroll data are but one of many useful economic indicators, albeit the most avidly watched by bondholders. The March data mean that employment has supposedly risen by over 200,000 per month, on average, during the first quarter of 1996, nearly double the average 120,000 monthly increase last year.

A map for trade

Since the World Trade Organisation was created at the start of last year, much attention has been devoted to getting its new machinery up and running, tightening institutional nuts and bolts and polishing the bodywork. Now the priority should be to get the WTO on the road and travelling towards a clear destination.

economic interests. Where, then, will new ideas come from? The logical source is the WTO itself. However, it has been denied the necessary means by member governments' refusal to grant it even a modest capacity to perform its own research. Sheer stinginess is one reason. Another is a rigid insistence on limiting the WTO secretariat to servicing negotiations initiated by the organisation's members.

Challenge funds

The government is set to extend the principle of "challenge funding" from the urban regeneration budget to local authority capital spending more broadly. This raises issues of constitutional principle which should be debated before such a step is taken.

argue that the concept was fine for glamorous city-centre regeneration initiatives, but could well divert much-needed cash from run-of-the-mill but vital local infrastructure projects like road repairs and school refurbishment. This may indeed happen. Yet there are wider constitutional issues at stake. First, challenge funding necessitates further centralisation. At present central government decides on capital spending totals, but leaves each council some latitude in spending its allocation. If the "challenge" concept is extended to all local capital spending, in effect central government will determine not just its level but its detailed composition.

A drive up Quality Street

Carmakers are returning to UK components as manufacturers learn from their associations with overseas groups, says John Griffiths

For years the UK motor components industry has been mocked for the poor quality of its products compared to those of Japan. In some cases, defects have been 100 times more frequent in British components than in their best Japanese equivalents.

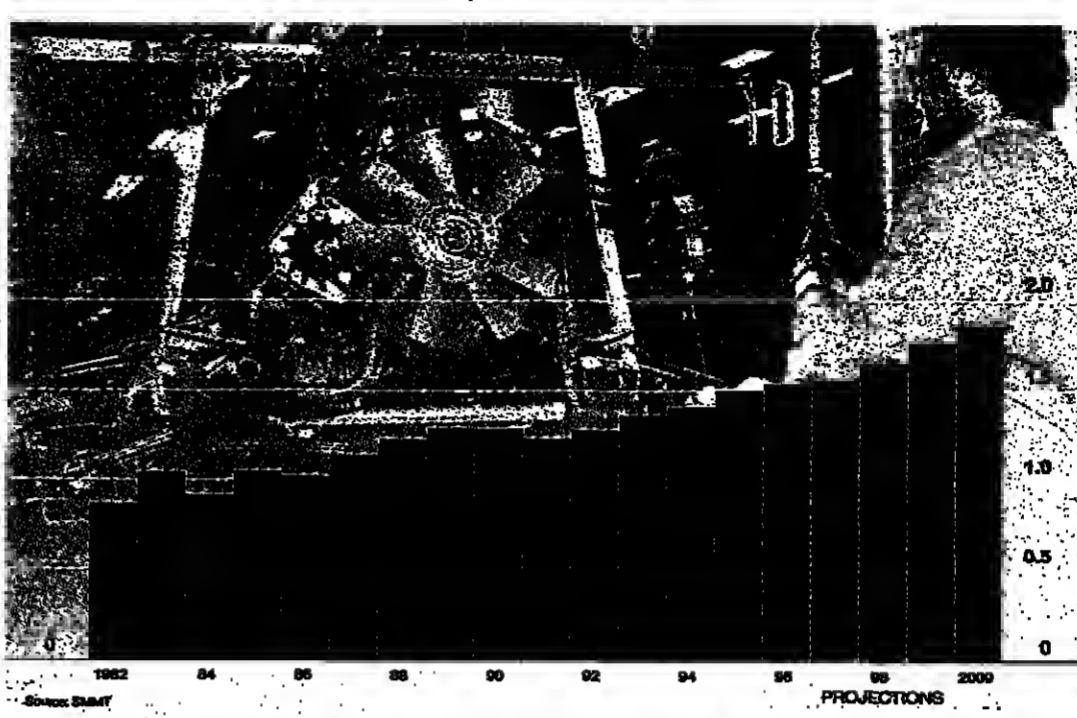


Table: Top 10 UK components suppliers by turnover. Columns: Supplier, 1995, 1994.

Table: Vehicle manufacturers' automotive material purchases in the UK, 1994. Columns: Manufacturer, £m.

Top 10 auto component companies by turnover (excluding non-automotive business)

Table with 4 columns: Company, Value, Company, Value. Lists top 10 auto component companies from various countries.

declared its intention to invest a further £2.6bn in its UK vehicle operations up to the end of the decade. Rover plans to match Ford's investment levels pound for pound, underlining BMW's commitment to its UK subsidiary, Rover is 'investing at double the rate it achieved under British Aerospace, its previous owner.'

There is also a problem of size: even the biggest UK-owned groups such as Lucas Industries cannot match the economies of scale of General Motors' Delphi subsidiary. The gaps have been highlighted in studies by Cardiff Business School, Andersen Consulting and Cambridge University comparing Japanese suppliers with their international rivals. They found that productivity in most UK component companies was less than half that of world-class Japanese suppliers, process controls were much

poorer and capacity utilisation much lower. They also found inefficiencies in the component-makers' own supply chains. Product defect rates were measurable in parts per 10,000 or less compared with parts per million for the best Japanese suppliers.

OBSERVER

It wasn't built in a day

For the exact suits at Mediobanca, the Milan-based merchant bank, today is just another working day. But surely someone within its grand portals will be cracking a bottle of Frascati? After all, it's not often you have a 50th birthday.

Slow reactor

Time's winged chariot and all that jazz. It hardly seems a decade since Chernobyl's fourth reactor exploded, but Ukraine's Chernobyl public relations machinery is happy to remind us.

Heavy Metal

Observer will be indebted to anyone who can explain what's going on in that normally reserved nation, Germany. The country's largest trade union, IG Metall, has just launched a rap music video in cinemas. The video promotes its "Alliance for Jobs" initiative, which aims to create thousands of jobs and tackle youth unemployment.

Red tape slashed

Times are hard in Zaire. The government is going to save money by eliminating half the 64 embassies and consulates it maintains around the world, starting with those countries which don't have diplomatic representation in Zaire.

100 years ago

"Victories" in Cuba
The Spanish Press and people have received very quietly the resolution passed by the United States House of Representatives relative to Cuba. The general impression, which is shared by the Government, is that nothing will come of the jingoism of Congress; at the same time, it is recognised that serious complications are still possible. Pat upon the news of the Yankee demonstration comes the announcement of yet another Spanish "victory" in Cuba. One would like to know how many victories are necessary to quell a revolution. According to their own accounts, the Spaniards have had any number of triumphs, and yet they appear as far off success as ever. (Cuba gained its independence from Spain in 1898.)

50 years ago

Copper buying from Chile
The United States Government has reached an agreement with Latin American copper producers to purchase approximately 100,000 tons of electrolytic copper at 11 1/2 cents a pound at Chilean ports, which is 1/2% of a cent higher than the price paid under the previous contract. The British Government, it is understood, has also completed arrangements to purchase 35,000 tons of copper from the same source.

COMPANIES AND FINANCE: EUROPE

French retailer blames terrorism for fall into red

By Andrew Jack in Paris

Galeries Lafayette, the French retail group named after its Paris flagship department store, yesterday reported a sharp drop in sales and a return to the red after the terrorist scares and industrial unrest that affected the country last year.

The group, which owns the Monoprix and Uniprix supermarket chains and BHV department stores, reported a loss of FF193m (\$58.2m) for 1995,

after net income of FF14m in the previous 12 months.

Turnover fell 2.4 per cent to FF28.8bn during the year, a further indication of the difficulties facing much of the French retail sector during the second half of last year.

The board said that in addition to a slowdown in consumer spending - notably in town centre shops - activity in its stores had been "considerably disrupted" by the terrorist attacks on Paris and bomb scares in other

French city centres between July and October last year.

Consumer spending was further reduced by the public transport strikes in November and December, which were triggered by opposition to the government's proposed social security reforms.

The group said the events had led to a FF200m reduction in its margins.

A fall in receipts and a corresponding increase in stocks had come on

top of an aggravated financial loss of FF280m (compared with a loss of FF230m) because of increases in interest rates during the year.

Galeries Lafayette reported an operating loss of FF126m, compared with profits of FF48m, and bad exceptional income of FF12m, compared with FF153m last time. It said there had been a "significant" contribution from its financial services activities.

The group said it had launched a restructuring plan for its department

stores, and that its objective to close and sell loss-making shops and changes to its staffing policies should lead to improvements in its results during 1996.

It added that its balance sheet should be strengthened by the sale of FF1bn in property assets.

In 1994 it announced the closure of its New York store, but it has invested in large scale renovation of other sites, and is continuing development in Asia, notably in Japan.

Grounded Granges gears itself up for eventual float

Had the Electrolux arm been sold last year, its first results would have been strong, writes Kenneth Gooding

Nobody was more disappointed when Electrolux of Sweden postponed the flotation of its Granges aluminium subsidiary last year than Mr Lars Westerberg. He had been recruited from Esab, the welding company, in December, 1994, to steer Granges to independence.

Electrolux, the world's leading manufacturer of household appliances, had hoped to raise as much as SKr3.7bn (\$557m) from the flotation, an important part of the group's scheme to dismantle its industrial products division.

But only three weeks after the proposed sale to international investors was announced at the end of March, it had to be postponed. Electrolux blamed turbulence in foreign exchange markets - which resulted in a sharp fall in Sweden's currency - and a weak stock market. "The fall of the krona has made many foreign investors hesitant about a transaction of this size," said Mr Leif Johansson, Electrolux's chief executive.

However, Mr Westerberg suggests there were other reasons - including the attitude of Swedish investors. When it was founded, Granges was an iron ore company. Many Swedish investors retained a perception that the company was still in that business rather than being a producer of aluminium, high-technology aluminium and plastic products - and the owner of Sweden's biggest recycling organisation.

It was also then widely believed - in Sweden and outside - that demand for metals was at the peak of the present business cycle. "Investors

already had a lot of cyclical companies to choose from in the Stockholm exchange," Mr Westerberg points out.

International investors also placed too great an emphasis on Granges' aluminium smelting operations. To give this some perspective, Mr Westerberg says that only 7 per cent of the group's employees are involved in smelting.

All these difficulties were compounded because the lack of any similar companies makes it hard for analysts to make comparisons.

Ironically, Granges would have started its first year as a quoted company on a high note. In nearly every respect, 1995 was a record year.

Sales increased 19 per cent to SKr11.48bn. Profit after depreciation amounted to SKr837m, almost double the SKr468m for 1994 and representing a 24.6 per cent return on capital employed, up from 13.1 per cent. Granges' net income went from SKr303.8m to SKr542m, and earnings per share rose from SKr9.49 to SKr16.93.

Mr Westerberg, 48, an engineering graduate with an MBA who started his career with ABB, the Swedish-Swiss engineering group, has been pressing ahead with plans to give Granges a clearer focus. Its distribution business has been sold and those operations with the best potential for growth are getting most of the available investment cash - capital investment was a record SKr590m last year and will rise to SKr600m this year.

The aim, he says, is for Granges to grow at twice the rate of the market over the



Lars Westerberg: Swedish investor attitudes helped postpone sale

business cycle in these "target" sectors.

These include the Sapa aluminium extrusion operations, Granges' largest and most important business, and second only in Europe to Norsk Hydro's extrusions division.

Last year Sapa installed new presses in the Netherlands and Poland and increased production and painting capacity in Sweden. Mr Westerberg points out that "we must build the capacity for growth if we are to grow at twice the market rate" - even if, as in this case, the market is expected to grow at a modest 2 per cent a year. Granges produced 111,500 tonnes of aluminium extrusions last year and aims to

increase this to 140,000 tonnes by 1998.

It specialises in complex components with high added value supplied by factories in the UK, Germany and France as well as the Netherlands, Poland and Sweden.

A similar approach is being employed by the aluminium foil operations, where a new generation of strip casting machines went into operation at the end of 1995.

This, too, is a market where annual growth is a modest 2 per cent, but Mr Westerberg says Granges forecasts much bigger growth in two particular products in which it specialises.

One is a clad heat transfer material, mainly for the automotive industry. This clad strip is used when sealing the components together in a heat exchanger by brazing, a manufacturing method becoming increasingly common.

The second is specialty thin foil for the packaging industry. This has a very light gauge - below .007mm - and is used to protect sensitive food and pharmaceuticals, and in sealed foil packaging.

Granges has no plans to increase annual capacity at its aluminium smelter at Sundsvall from its present 98,000 tonnes, but the cast house is to be upgraded. The smelter recently signed another four-year power supply contract, with an option on a fifth year. The outlook for power costs in Sweden is uncertain because of political pressure for cuts in its nuclear power capacity.

Mr Westerberg suggests that some time in the distant future the plan for a consortium, lead

by Alumax, the US group, and including Granges, to build a new aluminium smelter in Iceland - taking advantage of the low-cost hydro-electric power there - might be reactivated.

Granges' automotive plastics operations are also seeing fast growth - a 22 per cent sales increase last year. The strategy for this business is to concentrate of "sole supply" contracts for niche products to small-volume carmakers. Customers already include Audi and BMW in Germany as well as Saab and Volvo in Sweden.

"We would prefer to have many, demanding customers rather than one big volume producer as a customer," says Mr Westerberg.

Granges' recycling business, Gotthards, reported a 27 per cent sales increase last year and Mr Westerberg says there will be considerable opportunities for large companies as the recycling industry reshapes itself. More mechanisation is required and this lifts the cost of entry to the business. The prime objective is to expand Gotthards outside Sweden.

Last year 35 per cent of Granges' total sales were in Sweden, a further 61 per cent to the rest of Europe and 4 per cent outside Europe.

In spite of its obvious growth prospects, Granges is still seen by Electrolux as a "non-core" business. It may not be long before the flotation plan is revived. Analysts suggest that next year aluminium prices will probably hit a peak, and that would be a good time for Electrolux to give Granges its independence.

NEWS DIGEST

Nova TV registers strong rise for year

Nova TV, the Czech commercial television station, quadrupled pre-tax profits to \$39.05m last year. Its second year of operation, from \$10.3m in 1994. The broadcaster has quickly become the main money-spinner in the Central European Media Enterprises (CME) group, which has pioneered private commercial television in central and east Europe since the collapse of communism. CME has a 66 per cent stake in Nova TV, which has eclipsed its state-owned rivals in its first two years of operation and claims a market share of around 70 per cent of Czech television viewers. Nova TV is paying a dividend totalling K2330m (\$12.15m) for 1995, of which CME will receive \$3.7m.

CME has been created by a group of US venture capitalists led by Mr Ronald Lauder, one of the heirs to the Estée Lauder cosmetics fortune and the CME majority shareholder. By the end of 1995, the group was broadcasting to a potential audience of 27m, compared with 16m a year earlier. This is expected to increase to 36m by the end of 1996. It is also seeking licences in Poland, Ukraine and Germany.

The surge in profits at Nova TV were outweighed last year by heavy investment costs and continuing losses at CME's minority-owned regional television activities in Germany. The group started national commercial television operations in Romania and Slovenia last December, and is planning to broadcast in Slovakia, Dresden and Leipzig this year and in Hungary in 1997. CME turnover rose to \$98.92m in 1995 from \$53.57m a year earlier, mainly because of the rapid growth of Nova TV advertising revenues. The net loss was reduced to \$18.74m from \$30.5m in 1994.

Kevin Donc, East Europe Correspondent

Eni proposes L215 dividend

Eni, the Italian oil, gas and chemicals group, yesterday proposed a dividend of L215 a share for 1995, its first payment since the Italian treasury floated a 15 per cent stake in the company last year. The company paid a dividend to the treasury of L117 a share on the 1994 results. Eni also confirmed the profit estimate released last month, reporting a 35 per cent increase in net profit from L3.213bn in 1994 to L4.337bn (\$2.8bn), on sales up 14 per cent from L-9,899bn to L66,899bn. The partial privatisation of Eni was carried out in a difficult market last November at a price of L5.250 a share. The shares closed yesterday at L5.905, before the release of the 1995 figures.

Andrew Hill, Milan

La Caixa buys 3% of Respol

La Caixa, Europe's largest savings bank, has bought a 3 per cent stake in Respol, the Spanish oil, gas and chemicals group, for Pt40.8bn (\$330m). La Caixa said the acquisition formed part of the bank's strategy of investing part of its funds in motorway, water, gas and telecoms companies. Last month, La Caixa raised its stake in Telefonica de Espana to 5 per cent from 4.1 per cent.

Agencies, Madrid

VNU sees further acquisitions

VNU, the Dutch publisher and commercial television group, expects to continue making acquisitions this year, probably in the business information area, Mr Joep Breenjes, chairman, said yesterday. He added that commercial television margins would recover from 1997 onwards. In 1996, VNU expected operating profit in that division to be "clearly lower" than in 1995, partly because of start-up costs. He said it was too early to give specific figures. In 1995, commercial television operating profit fell from F157m to F136m (\$21.8m).

AFX News, Haarlem

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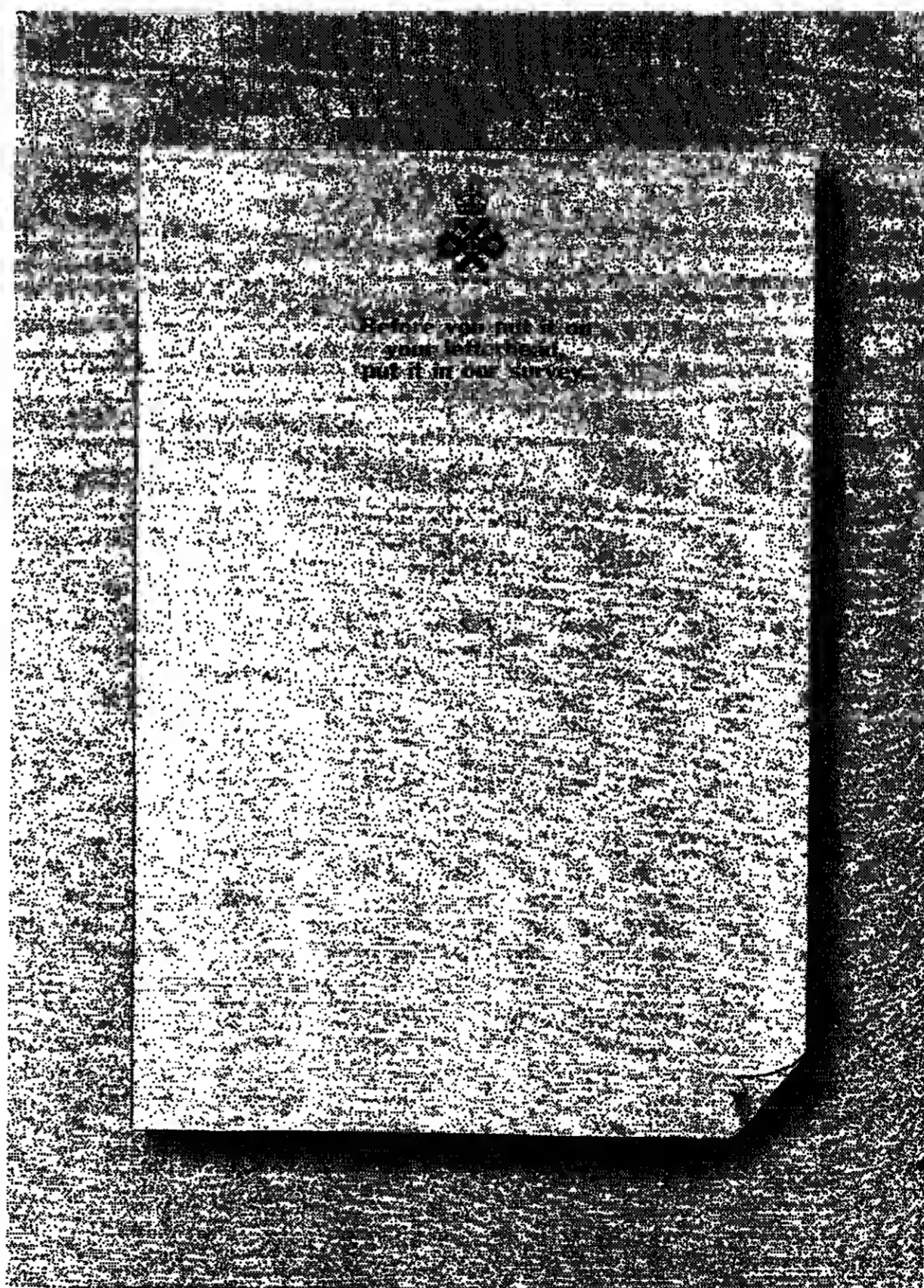
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COMPANIES AND FINANCE: INTERNATIONAL

Group with a vision pursues oil's holy grail

Secretive Schlumberger expects its technological edge to win it a name as the best, says Robert Corzine

Schlumberger, the secretive Franco-American oil services group, has a Scottish chairman, a Protestant work ethic and is about as accessible to the outside world as a discreet Swiss bank.

The low profile is deliberate, says Mr Brian Baird, chairman and chief executive, who says it is "good protection" for the many Schlumberger employees who work in war zones or politically unstable parts of the world.

But it also suits a company which, like a Swiss bank, is privy to many of its clients' deepest secrets. Although Schlumberger is mainly known as a broad-based oil services group, its competitive edge is in understanding and managing oil and gas reservoirs. As such, it has an intimate knowledge of some of the most important assets of the big international oil companies.

"It knows which fields are the crown jewels and which are the potential skeletons in the closet," says one industry observer. In an increasingly technologically driven oil industry, knowledge is power. And some oil companies fear that Schlumberger may one day decide to use its expertise to challenge them at their own game.

But as one executive notes:

"In some cases, much of that work is already contracted out to Schlumberger."

Some oil services companies, such as Brown & Root, have publicly speculated about investing directly in oil fields in order to enhance earnings at a time when service margins are under pressure. But Mr Baird is adamant that Schlumberger will not cross the increasingly blurred divide between a service and an oil company.

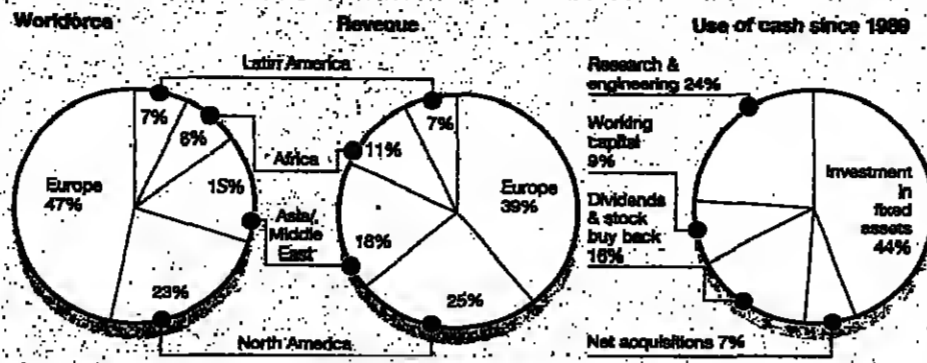
"We have no interest in taking equity positions in oil reservoirs," says Mr Baird. "We think any service company that does so is stupid." Such actions would "distort the whole service business... it would simply disappear."

Mr Baird also wonders whether the assumed financial advantages of such a strategy would actually materialise. "Why should we change the image of being the premier oil services company for one of a mediocre, also ran oil company?" he asks. "And, would the returns on investment would be any better as an oil company?"

So how does Schlumberger intend to maintain profits growth when its clients are demanding better services at lower costs?

The key, says Mr Baird, lies in having technology that an oil company will pay a premium for, even during a period of soft oil prices. Schlumberger executives in Aberdeen, Scotland's oil centre, cite the example of a new sensing tool which is lowered deep into wells to measure various properties of

Schlumberger



the surrounding rocks. The new tool is not only much more capable than the one it replaced, it is half its size and so reliable that "it just doesn't fail", according to one executive. The advantages of the new tool are so compelling that Schlumberger can charge oil companies 25 per cent to 30 per cent more. "With a drilling rig costing \$250,000 a day, if you can save a few hours you have saved \$30,000," says a Schlumberger executive. "The oil company is happy to give you some of that."

Mr Baird says that within Schlumberger there is "still a clear conviction that investing in technology is vital to the future." Much of the expenditure is devoted to R&D, and much of it done in research centres in France, the US and near Cambridge in the UK. In the past the company had

a reputation for being "technologically arrogant", and focusing on esoteric research which was of little practical use. But Mr Baird says those days ended with the imposition of tighter budgets that led to R&D becoming more business focused.

It is at such research centres that Schlumberger's most ambitious technological vision is taking shape. The company has set itself the goal that within 10 years it will be able to monitor and control in real time all the key processes that go on within a reservoir. It is, says Mr Baird, no less than the oil industry's "new holy grail". Achieving the goal would revolutionise oil production practices and usher in a new era in productivity that could boost average worldwide recovery rates from 35 per cent to 50 per cent.

It could also make Schlumberger a lot of money. "If you

can raise the recovery rates to such levels, the added costs of using the latest and perhaps most expensive technology to develop the field are dwarfed by the increased value of the recoverable reserves," says one industry analyst.

Schlumberger has reinforced its own technical competence by forging close links with Intel, the world's largest computer chip maker. Intel's latest devices are delivered to Schlumberger sites every three months for field testing, giving the company a distinct edge over some competitors.

It has also spent the past 10 years putting into place the "right seismic, software and other technical bricks" to make such a production revolution happen. "Over the next 10 years we have to integrate them," says Mr Baird. But he says technology on

its own will not be enough to achieve the company's ambitious goals. "It has to be in the right cultural package."

Schlumberger says its broad base of different nationalities, recruited over a generation, has given it a unique edge over its - mainly US - competitors. But creating a multicultural workforce also caused internal strains in an organisation already suffering an identity crisis.

"We don't fit easily into any classification," says Mr Baird. "We are considered American in France... or even worse, we are thought of as traitors because we started there. But in the US, where we do a third of our business, we still have a foreign image."

This week shareholders gather for the annual general meeting, which will mark the company's 40th year of being domiciled in the Netherlands Antilles. It was the compromise choice between the feuding French and US branches of the founding Schlumberger family, which still holds two seats on the board and a shareholding said to be in "the teens".

The family strategy was to let the management get on with running the company, and as a result they and their descendants are "now all fabulously rich", say company executives.

In 10 years, Schlumberger's other shareholders will have a chance to see whether the company's new strategy of becoming "the best total oil service company in the world" will do the same for them.

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Credit Lyonnais' 1995 results are back in the black. Credit Lyonnais managed to break even on its operations in 1995 for the first time since 1991, and the bank performed satisfactorily. However, weak demand for credit and steadily shrinking margins in the French banking industry are making operating conditions more difficult in 1996. Measures to deal with this situation will be necessary. Income statement. Income for the year includes the first-half contributions of the main subsidiaries disposed of in the second half of the year. Changes "on a constant consolidation basis" have been calculated after deducting the contributions of these subsidiaries and of units consolidated for the first time in 1995. In addition, comparison of 1995 figures with those for 1994 should also allow for the globally adverse impact of exchange-rate fluctuations and the terms of the financial restructuring implemented from 1994. Total banking income (which now includes net allocations to provisions for impairment of securities and for interest related to doubtful loans) was down 5% from the previous year, at FRF 43.4 billion, versus FRF 45.7 billion in 1994. On a constant consolidation basis, and after eliminating the impact of the loan to the Etablissement Public de Financement et de Restructuration (EPFR) and non-recurring operations in total banking income, the decline would have been 2.4%. This change is attributable to continuing difficulties in commercial banking in France, with weak lending volumes and shrinking margins; these circumstances were aggravated in Credit Lyonnais' case by its own special situation. Individual customers reduced their securities trading, moreover, in sluggish stock markets. However, total banking income on capital market activities and in most foreign banking branches and subsidiaries was up, with certain units outside the European Union registering outstanding performances. Operating expenses and depreciation were down 3.4% on a constant consolidation basis, of which exchange-rate movements accounted for 1.4%. All categories of operating expense fell in current frames, reflecting the Group's drive to rationalize its operations. The operating ratio works out to 85%, notably as a result of changes in the presentation of the income statement. Operating income before provisions advanced 7.6% to FRF 6.6 billion. On a constant consolidation basis, and excluding the impact of the loan to

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COMPANIES AND FINANCE: THE AMERICAS

NatWest strengthens US investment banking team

By Richard Waters in New York

National Westminster Bank yesterday became the latest in a line of European banks to announce appointments designed to boost its deal-making abilities in the US.

West Markets in the US. The intention is to create a financing unit with the muscle to back the transactions developed by NatWest's advisory group, he added.

acquisition lending and a team of traders and sales staff to form a high-yield bond group. NatWest said it had hired Mr Elliott Jones, the former head of Chase Manhattan's acquisition finance group.

Sharp fall in prices hurts US paper group

By Richard Watkins in New York

A sharp reversal in last year's strong market for paper products caused a slump in first-quarter earnings for International Paper, the US paper and board maker.

NEWS DIGEST

Scott's Hospitality considers sell-off

Scott's Hospitality, the Canada-based fast food and school bus operator that sold its British hotels last year for \$374m, is considering the sale of its transport division, or even the whole company, currently valued at nearly \$700m (US\$518m).

Prices rise heartens Nova Nova, the big Canadian petrochemicals and gas pipeline group, said a 3 per cent to 5 per cent rise in North American polyethylene product prices became effective on April 1 and styrene prices would go up 2 per cent shortly, cushioning an expected decline in the company's 1996 earnings.

Cost controls bolster CanWest CanWest, the Canadian communications group controlled by Winnipeg's Asper family, said strict cost controls led to a 72 per cent gain in second-quarter earnings to \$225.3m (US\$19m), or 63 cents a share, from \$15m, or 37 cents, a year earlier.

Canada Life shows upturn Canada Life, which derives nearly two-thirds of its premium income from the US and Europe, reversed three years of decline in 1995 to post net earnings of \$180m (US\$133m), a 62 per cent rise on 1994. Canada's fourth-largest life company is planning more acquisitions in North America, Latin America and India.

Canadian Airlines signs pact Canadian Airlines has signed a three year agreement with the International Machinists that will save it a further \$34m (US\$25m) a year. Canada's second-biggest airline has now signed new pacts with five of its six unions, leading to annual savings of almost \$100m. It has gained more job selectability in return for workforce stability.

Magna wins GM contract Magna, the Canada-based car parts producer, is expected to convert an existing plant near Toronto to make frames for all General Motors light trucks and sports utility vehicles, starting in 1996. The plant will have a volume of up to \$360m (US\$265.5m) a year and will use a new cost-saving metal-forming process. Magna won the contract in competition with a big US company.

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IBM near to licensing deal with Apple

International Business Machines is close to signing a pact with Apple Computer, the troubled US personal computer maker, to license the Macintosh operating system, reports Reuters from New York.

IBM will have the rights to sub-license the Macintosh operating system software to other computer makers. The deal differs from Apple's pact with Motorola, however, because Motorola will sell complete motherboards (the main circuit board in a PC) to computer makers, while IBM plans to offer the PowerPC chip and the Macintosh operating system.

Citicorp upbeat on home banking

A decision by Citicorp last year to make home banking free for customers in the US has attracted nearly 200,000 customers, a sign of the surge in popularity for PC-based banking in the US.

Despite its claim to have invented home banking in 1984, Citicorp, the group's US bank, had only about 40,000 customers for the product as recently as last summer. "We have seen incredible inflows of new customers in home banking," said Mr Frits Seegers, director of marketing for the group's US retail bank.

massive frauds as they push into the era of on-line banking. Citicorp was itself the victim last year of a group of hackers based in Russia, who successfully penetrated its cash management system.

Earlier this year, Mr John Reed, the US group's chairman, warned that banks could be laying themselves open to

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SF 150,000,000 5% bonds of 1988/1995

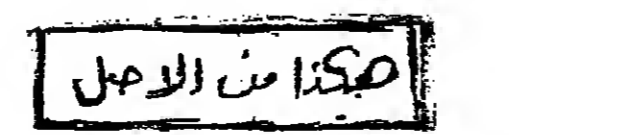
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Notice is hereby given that the Annual General Meeting of the Shareholders of FIVE ARROWS GLOBAL FUND will be held at the Registered Office of the Company on 30 April 1996 at 10.00 am.

Pacific Island



COMPANIES AND FINANCE: ASIA-PACIFIC

Pacific Island in all-paper bid for Dome Resources

By Nikki Tait in Sydney

Dome Resources, which owns and operates the Tolukama mine in Papua New Guinea, yesterday became the latest Australia-listed goldminer to be targeted with a takeover offer. The bid comes from Pacific Island Resources, also listed in Australia, and owner of the Mount Kasi mine in Fiji. Pacific, which is offering three of its own shares for every four in Dome, said the proposed deal followed talks

between the two companies. It had the "potential to create a 100,000 ounce per annum, low cash-cost, Australia-listed gold producer", with the merged group controlling resources of more than 900,000 oz. There would also be scope for economies of scale, and Pacific said it believed the merged company should qualify for inclusion in the Australian Gold Index.

However, some bids may become difficult to pursue in the wake of a Supreme Court ruling last week, which upheld the traditional accounting standards treatment of the goodwill in such deals. This requires goodwill to be written off, or amortised, over the life of the relevant mine assets.

Goodwill tends to be a significant feature in bids for Australian goldmining companies, which typically command a market price far above the stated value of their assets. Amortising this differential can pose problems for a bidder, since the effect is to depress future profits.

Last year, some companies took advantage of an apparent loophole in the Corporations Law, which seemed to allow bidders offering shares in consideration to move the acquired assets on to their balance sheet at "fair value". This, on fairly standard assumptions, could be shown to be close to book value.

But when Acacia Resources proposed such treatment in its ASX bid for Solomon Pacific Resources, Solomon's advisers challenged the matter in court. On Thursday, a Supreme Court judge backed Solomon's position, putting a permanent injunction on Acacia's formal offer documents, on the grounds that they were misleading and contained unacceptable accounting methods. Acacia is now "reviewing" the decision and its implications.

Hongkong Telecom investors weigh risk and rewards

Regulatory and political obstacles could ensnare the proposed merger

Viewed from the boardroom of British Telecommunications, the attractions of Hongkong Telecom are clear. The operator supplies the bulk of profits for Cable & Wireless, its parent and BT's prospective merger partner, and a strategic base in Asia. For Hongkong Telecom and its minority shareholders, however, the benefits are less apparent. The considerations they face underline the regulatory obstacles and political risks which could ensnare the proposed merger.

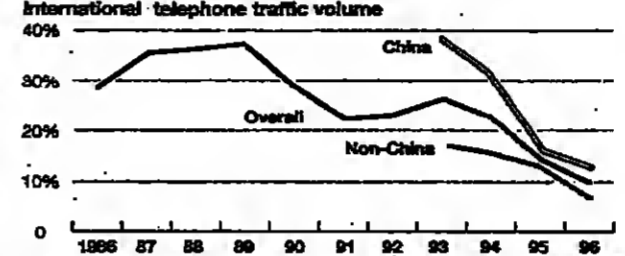
The obstacles, and the risks and rewards for shareholders, depend on the structure of any deal. Under Hong Kong's takeover and mergers code, a BT bid for C&W could be expected to trigger a general offer for Hongkong Telecom and the 42 per cent of the shares not held by C&W. This apparent boost for Hongkong Telecom investors is due to the "chain principle" in the code. If a company acquires another company and thereby secures control of a third, the need to make an offer depends on whether the holding in the third company

constitutes a substantial part of the second company's assets, or whether one of the main purposes of acquiring control of the second company was to secure control of the third. A BT bid for C&W would appear to satisfy both parts of the chain principle. But the cost of an offer to the minorities - estimated at about \$6bn (\$9bn) - has driven the suitors to alternative strategies. The favoured route appears to be a reverse takeover in which C&W takes control of BT, which is roughly twice its size in terms of market capitalisation. This might satisfy the technicalities of the takeover code. But it would present Hong Kong's takeover panel with a decision on whether the spirit of the code had been breached. The chances of such an interpretation would be increased if BT shareholders ended up with a majority stake in C&W and if top management had a strong BT membership.

In judging these considerations, the takeover panel would take into account the implications for minority shareholders. For the moment, investors are guarded about their stance. "Before an offer it is premature to give a verdict", says a UK-based fund manager. "It is a question of weighing expectations of a control pre-

mium and the business pros and cons." Mr Peter Everington, chairman of Regent Fund Management in Hong Kong, plays down the problems for minorities, pointing to the potential benefits from the formation of a powerful international group. These range from greater investment resources and purchasing economies to the sale of BT products, including those of its Concert joint-venture with MCI of the US. On the management front, a merger could resolve the strategic drift at C&W following the boardroom battles of last year and the departure of the chairman and chief executive. "Accelerating the demise of the company arguably makes sense from a shareholder value perspective," says Mr Adam Quinton, regional telecoms analyst at Merrill Lynch in Singapore. But for some investors, there are potential risks in a merger which warrant a premium for a change in control. "There is the licence question and the much bigger question about China," says one small investor. Concerning the licence for international direct dial calls, issued as a monopoly to Cable & Wireless (Hong Kong), a change in control of the licence-holder requires government approval. Most observers play down

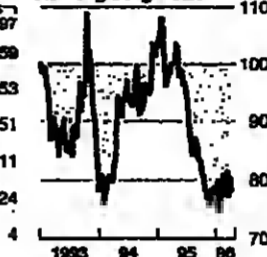
Calling up the numbers



International revenues compared

Table with 2 columns: Company Name and Revenue (1993, 1994, 1995, 1996). Rows include HK Telecom, PLDT, Singapore Telecom, TelecomAsia, Telekom Malaysia, and TTAT.

Share price relative to the Hang Seng Index



NEWS DIGEST

NEC set to join Taiwan venture

Teco Electric and Machinery, a leading Taiwanese appliance and machinery maker, yesterday said it planned to join forces with NEC, the Japanese electronics concern, and other Taiwanese partners to build a \$300m (US\$36m) cathode ray tube plant in Taiwan. Teco is to take a 40 per cent stake in the venture, NEC is to hold between 10 per cent and 15 per cent, and two Taiwanese concerns - the diversified Koo's Group and United Microelectronics Corp, a manufacturer of integrated circuits - will own the remainder. Cathode ray tubes, or picture tubes, are an important component in computer monitors and television screens. Construction of the plant is set to begin in mid-1996 and production is expected to start in the second or third quarter of 1998.

CPC sell-off to begin next year

The Taiwan government plans to begin selling shares in the state oil monopoly, Chinese Petroleum Corp next year and aims to privatise the company by 2000. In Taiwan, a company is legally considered privatised if the government stake is below 50 per cent. A government official said the sale could raise up to \$233.9bn for government coffers, depending on market conditions. CPC has long been a cash cow for the government, but plans to open up the oil products market to the private sector in the near future threaten to make the oil group less competitive. From July 1995 to March 1996, CPC posted pre-tax profits of \$14.1bn, against \$12.9bn, helped by an increase in sales to \$240.4bn from \$233.9bn a year earlier.

Gasgoyne endorses Coeur bid

Directors of Gasgoyne Gold Mines, the Western Australian goldminer, yesterday threw their support behind the \$170m (US\$133m) cash-and-shares offer for the company from Idaho-based Coeur d'Alene Mines. Sons of Gwalia, another Australian gold miner, has made a rival, all-paper offer. But, despite endorsing the Coeur offer, directors said they had reservations about both bids. "In particular, we are concerned whether Gasgoyne shareholders who accept either the bid from Sons of Gwalia or the bid from Coeur will be able to realise the current market price for the shares they will receive," they said. However, they added that: "The cash component of the Coeur offer gives certainty to the value of part of its offer."

Glencore re-issues offer details

Glencore, the Swiss-based commodity trading group, was yesterday obliged to re-issue its takeover announcement and documentation for Cummo Coal, the Australian coal producer, as a result of technical queries raised by the Australian Securities Commission. The new announcement maintains the same on-market offer price - \$2.50 a share - but changes the offer period from April 17 to May 16. Cummo's independent directors have indicated that they believe the offer is too low.

John Ridding

Advertisement for Istituto Bancario di Napoli (BANCO di NAPOLI). Includes text: 'Invitation to submit offers for the purchase of Il Mattino - Societa' Editrice Meridionale - S.E.M. - S.p.A. and of Mediterranea S.p.A.' and contact information for IMI S.p.A. (Istituto Mobiliare Italiano S.p.A.).

Advertisement for PUBLIC TENDER by ČESKÝ ROZHLAS. Includes text: 'On the 27th March 1996 the General Director of Czech Radio decided to advertise PUBLIC TENDER for making the best bid to enter into a contract on purchase of the Radio Broadcasting Centre at Pankrác, Prague 4, Ruznická 81.' and a list of 8 conditions for the tender.

COMPANIES AND FINANCE: UK

Signet's UK disposals may raise up to £300m

By Simon Kuper

The potential for profits to at least double at Signet's UK jewellery chains will probably produce a sale price of close to £300m (\$466m), according to analysts.

One estimated the profit margin of the Ernest Jones and H Samuel chains at 3 per cent, before tax and interest, against an average of 10 per cent for the UK jewellery sector.

The two businesses contributed operating profits of £11.4m on sales of £371m in about 40 per cent of the group total - for the year to January 28. This year analysts expect operating profits of £15m on sales of £330m.

Signet is this week expected to draw up a shortlist from among the bidders. The com-

pany is likely to announce the winner by next month at the latest.

If Goldsmiths, the jeweller, or Argos, the catalogue retailer, bought the chains, they could save several million pounds on head office costs, analysts said. Goldsmiths and Argos may split the takeover, with the former taking Ernest Jones and the latter H Samuel.

Analysts forecast the price for both chains at £250m-£300m. Signet owes about £100m in unpaid preference dividends and about £250m in bank debt. At yesterday's price of 31p, up 2p, Signet's market value is £90.7m.

Deutsche Morgan Grenfell, the investment bank acting for Signet, has tried to dispel fears that Mr James McAdam, Signet chairman, is seeking a

Bank of Yokohama still long way from receiving a return on its £200m investment

Guinness Mahon recovery strategy is bearing fruit

By George Graham, Banking Correspondent

Guinness Mahon, the London merchant bank, has returned to profitability for the first time since its 1991 takeover by Bank of Yokohama, the leading Japanese regional bank.

The merchant bank, one of the most prominent casualties of the property lending excesses of the 1980s, does not disclose profit details.

But Mr David Potter, chief executive, said the bank had met financial targets set for it in 1992 by its Japanese parent: a return to operating profit by 1993; a pre-tax profit by 1995; and a complete work-out of its portfolio of problem loans.

"This recovery has been

quite lengthy, but the length was an agreed approach between us and our shareholder," Mr Potter said.

Group revenues have revived to about £60m (\$90m) with some £20m coming from the Guinness Flight fund management subsidiary, £27m from Henderson Crosthwaite institutional and private client stockbroking businesses, and the rest largely from banking.

It achieved a pre-tax profit in 1994, but only after exceptional gains on the sale of its benefit consultancy to Abbey National and of the Irish banking operation to Irish Permanent.

Nevertheless, Guinness Mahon is still a long way from offering Bank of Yokohama a return on its investment of

almost £200m. Yokohama bought its initial stake for £66m from New Zealand's Equity Corp, then underwrote a £50m rights issue in 1991, spent another £12m to buy out minority shareholders and finally injected an estimated £56m in 1992.

Most of Guinness Mahon's problems were in its leading operations. Guinness Flight and Henderson Crosthwaite remained consistently profitable. The group now minimises the importance of lending in its activities. But the group, which by 1991 had seen its roster of listed clients drop to four, has developed an active corporate finance business, concentrated on companies in the £10m to £150m range.



David Potter: meeting financial targets set by parent in 1992

Soros buys 3.6% of CLM Lloyd's fund

By Patrick Harverson

Mr George Soros, the US-based hedge fund manager, has spent about £3.5m (\$5.2m) acquiring a 3.6 per cent stake in CLM Insurance Fund, the Lloyd's investor.

The purchase pushed CLM shares up 3.1p to 109p. Analysts and Lloyd's profes-

sionals said it was a vote of confidence in the troubled insurance market.

Mr Soros is not the first US-based investor to buy a stake in Lloyd's. Last month, Warburg Pincus, the US investment bank, spent £21m acquiring 26.7 per cent of Cox Insurance Holdings, another of the new corporate investment vehicles.

When CLM was set up three years ago, it was the first corporate vehicle to allow institutions and individuals to invest in Lloyd's via a traditional-type fund. Previously, individuals could only participate directly as "Names", whose assets were available to insure the market's risks.

Lex, Page 16

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
Dividend	Yr to Jan 12	278.5 (247.3)	22.3 (17)	11.61 (8.91)	2.6 July 1	2	3.6	2.65
Interim	1%	-	-	-	1% Apr 30	0.8	-	4.4
Final	Yr to Dec 31	27.1 (28.9)	0.25 (0.28)	1.52 (1.52)	nil	nil	nil	nil
Investment Trusts	NAV (p)	-	-	-	-	-	-	-
Henderson American	Yr to Feb 29	59.23 (43.01)	0.98 (0.98)	8.91 (7.87)	2.4 May 22	2.4	7.8	7.8

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. *After exceptional credit. †Arm stock. ‡First interim. †Comparatives for year to March 31 1995.

DIGEST

Ferguson makes £37.6m disposals

Ferguson International, the mini-conglomerate, yesterday announced the disposal of its coat hanger and electronic components businesses in deals worth a total of £37.6m (\$57m). However, exceptional charges relating to the disposals will wipe out pre-tax profits for the 12 months to February 29.

The hanger business is being sold for £12m to Mauna, a Dutch hanger manufacturer, which will also assume £5.3m of debts. A private US finance company paying \$29.5m for the communications components division, which supplies electronic components to the US cable industry.

Ferguson will use part of the proceeds to acquire Label Image Holdings, based in Gwent for £5.25m plus £3.25m of debt.

Christopher Price

Devro sells US unit

Devro International, the sausage casing maker that bought Teepak International last year, is to sell its Devro America unit to Nitta Gelatin of Japan for \$26m.

The sale was required by the US Federal Trade Commission as a condition of allowing Devro's purchase of Teepak, the US casing maker, which more than tripled Devro's sales and gave it a strong presence in the US.

CINVen bids for Redland bricks

CINVen, the venture capital company, has emerged as a bidder for the UK brick business of Redland, the building materials group. Redland hopes to raise £250m (£300m) from the sale of its UK brick division to help finance the expansion of its aggregates and roof-tiles operations.

Simon London

Low & Bonar US talks end

Low & Bonar has pulled out of negotiations to acquire Rotonics Manufacturing, the plastic moulding company, at \$2.34 a share, valuing the company at about \$33m.

Rotonics said it was terminating its agreement as another party was interested in the acquisition but at a higher price. Low said it was unwilling to increase the price but warned that it would be "pursuing its legal rights" against Rotonics under the agreement in principle.

MAM stake in Russian nickel

Mercury Asset Management's World Mining investment Trust has made its first investment in Russia by taking a stake in Norilsk, the world's biggest nickel producer. The £3.5m (\$5.52m) investment represents under 1 per cent of funds under management and Mr Graham Birch, the fund manager said: "Our exposure is very limited but there is potential for enormous gains in the next few years if some of the problems of doing business in Russia fade away."

Kenneth Gooding

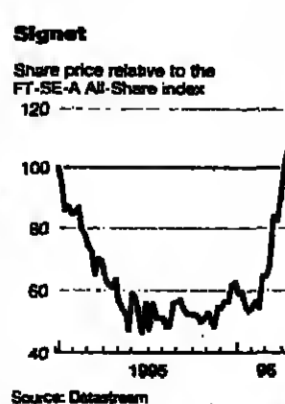
LEX COMMENT

Signet

The healthy interest in Signet's UK jewellery chains has done wonders for the group's share price. The ordinary shares have doubled to 31p in less than two months. This compares with the 30p offer made by rebel preference shareholders last May. But can that price be justified? Selling the UK chains, which generate about 40 per cent of group turnover, is a good start. With a positive Christmas trading statement under his belt, Mr James McAdam, chairman, has attracted half a dozen bidders and should now get close to £300m. That would allow the group to repay most of its £200m to £300m of bank borrowings. Signet would be left as the second-largest multiple jeweller in the US, turning over in excess of £500m and with like-for-like sales growth of 10 per cent last Christmas.

Given rising margins, its operating cash flow could reach £65m this year. Its main rival, Zale Corporation, which reported less buoyant Christmas sales, is currently valued at 10-11 times operating cash flow. Even using a more conservative 8-9 times cash flow, that would give a debt-free value of £520m to £585m.

Balanced against that are obligations to preference shareholders of nearly £500m including £130m of dividend arrears. That means they will still pick up the lion's share of value in any capital reconstruction. Assuming preference holders are repaid 90 per cent of what they are owed - half-way between the negotiating positions of rebels and management when talks last broke down - that would leave ordinary holders with a stake worth £70m to £135m or between 24p and 36p a share.



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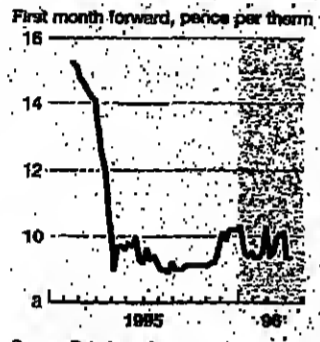
COMMODITIES AND AGRICULTURE

Shortages forecast to drive up aluminium prices

By Kenneth Gooding, Mining Correspondent
The aluminium industry has left it too late to avoid severe supply difficulties in 1996 and 1997 and this will send prices high enough for the metal to become "dangerously uncompetitive" for a time, says the Anthony Bird Associates consultancy in its latest annual review of the market.

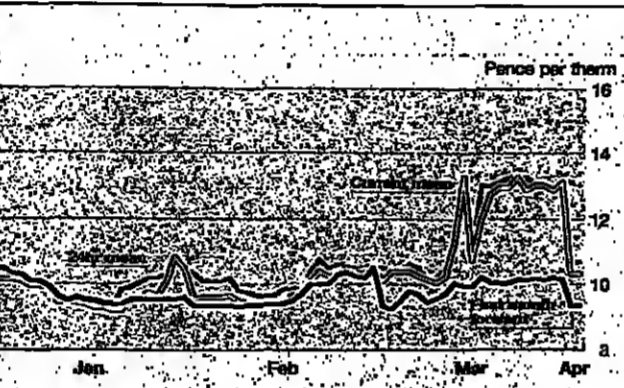
Table with 2 columns: Metal, Price (\$/tonne). Includes Aluminium, Copper, Lead, Zinc, Tin.

UK natural gas prices



The Financial Times today begins publishing a daily spot price for UK natural gas, marking the rapid expansion of gas trading with the opening up of the UK supply business to competition, writes David Lascelles.

slow to accept the view that the world has changed in their favour. They still base their planning on low rates of demand growth, cautious estimates of aluminium prices and they want to see high rates of return before they will invest in new capacity.



The London spot markets section below. The accompanying charts illustrate the history of price movements since the beginning of 1995. The sharp fall seen in the first quarter of last year came with the opening stages of market liberalisation.

Government turns a drama into a crisis

Ministers failed totally to foresee public reaction to the possibility of humans catching BSE

As plans are considered for the slaughter of hundreds of thousands, perhaps millions, of UK cattle in an attempt to rebuild shattered public confidence in beef, serious questions persist.

FARMER'S VIEWPOINT



By David Richardson

faced by specialist beef producers, many of whom have never seen BSE in their stock, and dairy farmers with BSE infected cows.

As they face a still uncertain future they are asking how the government could have failed so totally to foresee public reaction to the health minister's announcement that BSE just might be transmissible to humans; why he hurried out the possible problem before passing to plan fully how to deal with it in decisive ways that would have convinced most consumers that beef remained safe; and why such comprehensive plans were not announced at the same time as the problem rather than being piecemeal and dribbled out in an apparently reactive way, allowing the world's press to feed on the story day after day and led to the ban on exports of pork instead of beef, so cash returns will benefit modestly.

Why they ask, after all the well-publicised examples of ministers being found to be economical with the truth, did the government think that on this issue its assurances would be believed? The fact is that beef and dairy farmers, like consumers, feel themselves to be helpless victims in the whole sorry affair. While there may, in the opinion of some scientists, be a possibility that a tiny number of consumers could have delved

ERA submits uranium plan

By Niklitt Tait in Sydney

A\$70m (US\$65m). If the mine went ahead it would be the first new uranium production unit in Australia for over a decade - new developments having effectively been banned under the years of Labour Party rule that ended with the March 2 federal election.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

Table of base metal prices including Aluminium, Copper, Lead, Zinc, Tin, Nickel, and High Grade Copper.

Precious Metals continued

Table of precious metal prices including Gold, Silver, Platinum, Palladium, and Lead.

GRAINS AND OIL SEEDS

Table of grain and oil seed prices including Wheat, Barley, Soyabean, and Potatoes.

SOFTS

Table of soft commodity prices including Cocoa, Coffee, and Sugar.

MEAT AND LIVESTOCK

Table of meat and livestock prices including Live Cattle, Hogs, and Pigs.

ENERGY

Table of energy prices including Crude Oil, Heating Oil, and Natural Gas.

MARKET REPORT

Gold's early rise pared

The GOLD drifted lower yesterday afternoon when short follow-through buying to Monday's rally materialised in the New York market.

JOTTER PAD

Crossword puzzle grid with clues for words like 'The main courtship in New Jersey', 'Criminal, commonly used to describe a bad driver', etc.

CROSSWORD

Solutions to the crossword puzzle from the Jotter Pad section.

PRECIOUS METALS

Table of precious metal market prices including Gold, Silver, and Platinum.

UNLEADED GASOLINE

Table of unleaded gasoline prices in various regions.

FUTURES DATA

Table of futures data for various commodities.

INDEXES

Table of commodity and stock indices.

INTERNATIONAL CAPITAL MARKETS

Europe overcomes effects of Friday's sell-off in US

By Samer Iskandar and Richard Lapper in London and Lisa Branstetter in New York
Fears that last Friday's sell-off in the US Treasury market would immediately spill over into Europe have proved to be unfounded. Yesterday, despite opening slightly weaker, most European markets recovered, with the German market showing unexpected resilience.

In the cash market, the 6 per cent bund due 2006 closed down 0.38 point at 96.78. Its yield, at 6.45 per cent, was 24 basis points lower than the annualised yield of the 10-year US Treasury.

GOVERNMENT BONDS

This led several analysts to predict the end of European markets' "coupling" with the US. Mr Philippe Brossard, head of research at ABN Amro Finance in Paris, said he had been expecting this cross-over of US and German yields for some time, given that "underlying inflation in Germany has been lower than in the US". He said that historically the spread of bonds over treasuries was mostly negative. The premium demanded by investors on bunds in the past few years was mostly due to uncertainty surrounding the cost of German reunification.

At 121.78, down 0.06, but off its intra-day low of 121.53. In the cash market, the 7.35 per cent OAT due 2006 slipped by 0.08 point to 104.72, yielding 6.59 per cent. The spread over 10-year bunds stood at 14 basis points, near its recent lows.

Mr Brossard believes that, absent of a dramatic shift in expectations of monetary union, a French-German yield spread of between zero and 20 basis points is a "fair level", given current economic fundamentals.

In line with the wider European trend, UK gilts opened lower but then regained ground steadily during the day. The market was buoyed by slightly weaker than expected manufacturing output figures, the strength of sterling and the early strength of Treasuries in the US. But volume was thin, with many investors continuing to stay on the sidelines.

105 3/4, down 1/4 on Friday's close. Only 28,045 June long gilt contracts were exchanged, however.

The June short sterling contract also recovered during the day settling at 93.94, down 0.02, but off the day's lows of 93.90.

Back months contracts were harder hit, with June 1997 short sterling falling by 0.10 to 92.51, a price which discounts a 1 1/2 per cent rise in base rates over the next 15 months.

Mr Spinnello, a fixed income strategist at Merrill Lynch, said the market seemed to be in a consolidation period after the sharp losses the market has experienced since the middle of last week.

Important factors on the market yesterday were the results of the afternoon auction of five-year notes and the release tomorrow and Friday of figures on consumer and producer prices.

Mr Spinnello said this week's inflation figures would be particularly important because price stability was the one remaining pillar of last year's bull market that remained in place.

Mr Spinnello said this week's inflation figures would be particularly important because price stability was the one remaining pillar of last year's bull market that remained in place.

Most observers believe that the other factors that had created a positive economic environment for bonds - primarily sluggish economic growth and the prospect of further interest rate reductions - disappeared last week after the release of a second consecutive set of strong employment figures.

Mr Spinnello said this week's inflation figures would be particularly important because price stability was the one remaining pillar of last year's bull market that remained in place.

Flurry of Greek issues as political uncertainty eases

By Richard Lapper
A flurry of Greek state companies' guaranteed borrowings are coming to the loan market following the appointment of new government ministers earlier this year and the easing of political uncertainty.

SYNDICATED LOANS

Borrowers, many of whom are refinancing existing obligations, are reducing margins by up to 50 per cent, compared with levels achieved in the first quarter of 1995, and extending the tenor of their loans.

Hellenic Republic to push margins even lower with a \$500m-\$750m five to seven-year benchmark within the next few weeks.

Japanese banks, including Sanwa Bank, IBI and the newly merged Bank of Tokyo-Mitsubishi, are all particularly active in bidding for Greek business. Bank of Tokyo-Mitsubishi arranged both the Hellenic Railways and Public Power Corporation deals.

IBJ, together with Credit Suisse, is a joint arranger of a \$2.4bn financing for the Ras Laffan LNG project in Qatar. Together with Credit Suisse, IBJ is banker for the construction groups which won the mandate to build the plant last month.

Syndicate chosen to launch new French debt instrument

By Samer Iskandar
In a quiet session for international bond issuance yesterday, one transaction stood out.

The French Treasury issued FF18bn of its new 10-year variable rate notes - the so-called TEC 10 OATs, whose quarterly coupon is linked to the recently-created TEC 10 index, an average yield of fixed coupon OATs with a constant maturity of 10 years.

members reported very strong demand. "A total success", was how one participating syndicate manager described the deal.

was promising. "The strong demand by arbitrage desks in London makes us confident that the bonds will be actively traded," a syndicate official said.

The structure of the bonds, which makes them sensitive to the steepness of the yield curve but almost immune to changes in the level of yields, will allow traders to hedge - or speculate on - yield curve exposure, the difference between durations of assets and liabilities.

identical to existing bonds in other markets, such as the REX in Germany and CMT in the US.

Bankers say Greek borrowers were typically obtaining funds at 120 basis points over Libor at this time last year and are tipping the market, to ensure successful re-openings of the issue.

NEW INTERNATIONAL BOND ISSUES. Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fee, Spread, Book-runner.

BENCHMARK GOVERNMENT BONDS. Table with columns: Country, Coupon, Red Date, Price, Day's Change, Yield, Week ago, Month ago.

BUND FUTURES OPTIONS (LFFE) DM250,000 points of 100%. Table with columns: Strike, Price, Call/Put, Change, High, Low, Est. Vol., Open Int.

FT-ACTUARIES FIXED INTEREST INDICES. Table with columns: Price Index, Price Change, Day's Change, Yr. Ago, Accrued Interest, Yld. Ind. Yld.

GILT EDGED ACTIVITY INDICES. Table with columns: Gilt Edged Bargains, Gilt Edged Activity, Gilt Edged Spread.

US INTEREST RATES. Table with columns: Instrument, Rate, Change.

ITALY NATIONAL ITALIAN GOVT. BOND (BTP) FUTURES. Table with columns: Strike, Price, Call/Put, Change, High, Low, Est. Vol., Open Int.

FT FIXED INTEREST INDICES. Table with columns: Govt. Secs, Corp. Secs, Muni Secs, High, Low.

ALFARO RATE NOTES. Table with columns: Issued, Bid, Offer, Cmp.

FRANCE NATIONAL FRENCH BOND FUTURES (MATIF) FR500,000. Table with columns: Open, Settle, Change, High, Low, Est. Vol., Open Int.

SPAIN NATIONAL SPANISH BOND FUTURES (MEFF). Table with columns: Open, Settle, Change, High, Low, Est. Vol., Open Int.

UK GILTS PRICES. Table with columns: Name, Bid, Offer, High, Low.

FT/ISMA INTERNATIONAL BOND SERVICE. Table with columns: Issued, Bid, Offer, Cmp, Yield.

GERMANY NATIONAL GERMAN BOND FUTURES (LFFE) DM250,000 points of 100%. Table with columns: Open, Settle, Change, High, Low, Est. Vol., Open Int.

JAPAN NATIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LFFE) ¥100m of 100%. Table with columns: Open, Close, Change, High, Low, Est. Vol., Open Int.

OTHER FIXED INTEREST. Table with columns: Name, Yield, Price, High, Low.

COMMERCE BONDS. Table with columns: Issued, Comp, Bid, Offer, Price.

Financial Times logo and Arabic text: "مركز الأمل".



MARKETS REPORT

Dollar ignores bond slide to hit 2-year high vs yen

By Peter John

International investors bought the US dollar yesterday on the back of last week's high employment figures.

Many dealers had expected that the slide in US Treasuries, following the sharp rise in Friday's non-farm payroll numbers, would lead to a surplus of US currency in the system and a subsequent sell-off.

They had left themselves short of dollars in anticipation of precisely that scenario. But, a degree of decoupling from the debt markets meant that the dollar was bought on the back of stronger economic fundamentals and those traders with short positions were forced to scramble for currency.

There was also widespread genuine buying, European and far eastern corporates, as well as short- to medium-term investment funds were all investing in the US currency.

As a result, the dollar hit a

26-month high against the yen and rose to DM1.490 against the German currency.

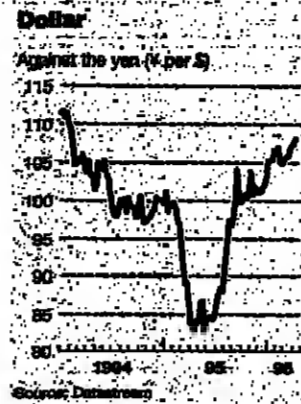
Mr Michael Burke, senior economist with Citibank, said: "If you thought there was a trend-positive capital inflow you could be bullish but actually the trend is the other way. My concern is that a lot of this dollar buying has left the market long of dollars while foreigners are not buying assets

such as Treasuries and stocks." Also, a recent survey by IDEA, the financial consultancy, found that 73 per cent of respondents believe investors and customers to be underweight in the D-Mark. Mr Burke believes the imbalance cannot continue.

Nevertheless, the D-Mark was weak against most European currencies with traders staying away while the falling interest rate cycle continues.

Any doubts about the cycle is drawing to a close only had to look at further evidence of a soft German economy which emerged in a report showing that pan-German industry orders in February tumbled 1 per cent from January.

As well as being weak against the dollar, the D-Mark fell against sterling and the Spanish peseta. And, it was weak against the Italian lira although dealers pointed out that Italy's short-term outlook



Dollar vs Yen (per 100)

included a likely hung parliament after the country's general election on April 21.

The D-Mark even failed to register gains against the French franc despite a growing belief that the French central bank will reduce at least one of its key interest rates when it meets tomorrow. There is optimism that the

short-term intervention rate will be reduced by around 10 to 15 basis points from its current level of 3.00 per cent. The bank certainly has room for manoeuvre. France's call money is at present trading some 70 basis points above the German equivalent and the Bundesbank may well reduce its own key rates when it meets next Thursday.

The Franc edged up to FF2.404 against the D-Mark, up from FF2.408 before Easter.

The Swedish Krone dipped to SKR4.501 against the German mark, down from SKR4.495 following a rate cut announced by the Swedish Central Bank, which reduced its repo rate to 7.75 per cent from 7.40 per cent previously.

The hard-pressed South African rand hit a new low against the US dollar. Worries about the future policy of Mr Trevor Emswiler, the incoming finance minister, combined with buying of the US currency to send the rand down to R4.1430.

Sterling was firmer ahead of tomorrow's by-election in South Staffordshire which threatens to reduce the Conservative majority to one.

The pound has largely shrugged off the political wor-

WORLD INTEREST RATES

Table with columns: Country, Term, Rate. Includes Belgium, France, Germany, Italy, Netherlands, Switzerland, US, Japan, etc.

Table with columns: Country, Term, Rate. Includes LIBOR FT London, US Dollar CDs, ECU Linked De, etc.

Table with columns: Country, Term, Rate. Includes EURO CURRENCY INTEREST RATES, LIBOR FT London, etc.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Country, Term, Rate. Includes Europe, Asia, Americas, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Country, Term, Rate. Includes Europe, Asia, Americas, etc.

CROSS RATES AND DERIVATIVES

Table with columns: Country, Term, Rate. Includes EXCHANGE CROSS RATES, D-MARK FUTURES, etc.

EMERSON EUROPEAN CURRENCY INTEREST RATES

Table with columns: Country, Term, Rate. Includes Spain, Netherlands, Belgium, etc.

UK INTEREST RATES

Table with columns: Term, Rate. Includes LONDON MONEY RATES, UK clearing bank base lending rate, etc.

PHILADELPHIA SIX TWO OPTIONS

Table with columns: Term, Rate. Includes Strike Price, Apr, May, Jun, etc.

BASE LENDING RATES

Table with columns: Bank, Rate. Includes Adams & Company, Allied Trust Bank, etc.

Tung Ho Steel Enterprise Corporation advertisement for US\$400,000 4% Bonds due 2001.

St. George Bank advertisement for U.S. \$250,000 Floating Rate Notes due 2000.

THE REPUBLIC OF MAURITIUS advertisement for Floating Rate Notes due 2000.

Fast Fills. Great Rates. What's the Catch? advertisement for LIND-WALDOCK & COMPANY.

EXTECAPITAL LIMITED advertisement for US\$ 100,000,000 PERPETUAL SUBORDINATED INCREASING MARGIN FLOATING RATE NOTES.

MBE FINANCE N.V. advertisement for U.S. \$30,000,000 GUARANTEED DUAL BASIS BONDS DUE 2004.

ANNOUNCEMENT: Etbnki Kaptaleou S.A. Administration of Assets and Liabilities, as Liquidator of S.A. d'Industrie Agricole, announces that the trade name of this company IS NOT OFFERED FOR SALE as erroneously stated in the Third Call for Tenders published in this newspaper on 16/17 and 19 March 1996.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Guinness... 100.00...
Tennent's... 100.00...

BANKS, MERCHANT

Barclays... 100.00...
HSBC... 100.00...

BANKS, RETAIL

First Direct... 100.00...
Santander... 100.00...

BREWERIES, PUBS & REST

Adnams... 100.00...
Beck's... 100.00...

BUILDING & CONSTRUCTION

Amey... 100.00...
Balfour Beatty... 100.00...

BUILDING MATS. & MERCHANTS

Woolston... 100.00...
Woolston... 100.00...

CHEMICALS

Eastman... 100.00...
Eastman... 100.00...

DISTRIBUTORS

Debenhams... 100.00...
Debenhams... 100.00...

DIVERSIFIED INDUSTRIALS

Arrol-Johnston... 100.00...
Arrol-Johnston... 100.00...

ELECTRICITY

British Nuclear... 100.00...
British Nuclear... 100.00...

ELECTRONIC & ELECTRICAL EQPT

Amperex... 100.00...
Amperex... 100.00...

ENGINEERING, VEHICLES

BAE Systems... 100.00...
BAE Systems... 100.00...

ENGINEERING

Amperex... 100.00...
Amperex... 100.00...

EXTRACTIVE INDUSTRIES

Anglo American... 100.00...
Anglo American... 100.00...

ELECTRONIC & ELECTRICAL EQPT - Cont.

Amperex... 100.00...
Amperex... 100.00...

ENGINEERING

BAE Systems... 100.00...
BAE Systems... 100.00...

EXTRACTIVE INDUSTRIES - Cont.

Anglo American... 100.00...
Anglo American... 100.00...

EXTRACTIVE INDUSTRIES - Cont.

Anglo American... 100.00...
Anglo American... 100.00...

FOOD PRODUCERS

Unilever... 100.00...
Unilever... 100.00...

GAS DISTRIBUTION

British Gas... 100.00...
British Gas... 100.00...

HEALTH CARE

Glaxo... 100.00...
Glaxo... 100.00...

HOUSEHOLD GOODS

Debenhams... 100.00...
Debenhams... 100.00...

INSURANCE

Aviva... 100.00...
Aviva... 100.00...

INVESTMENT TRUSTS

Investment Trusts... 100.00...
Investment Trusts... 100.00...

HEALTH CARE - Cont.

Glaxo... 100.00...
Glaxo... 100.00...

HOUSEHOLD GOODS

Debenhams... 100.00...
Debenhams... 100.00...

INSURANCE

Aviva... 100.00...
Aviva... 100.00...

INVESTMENT TRUSTS

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INVESTMENT TRUSTS - Cont.

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ENGINEERING - Cont.

BAE Systems... 100.00...
BAE Systems... 100.00...

EXTRACTIVE INDUSTRIES - Cont.

Anglo American... 100.00...
Anglo American... 100.00...

FOOD PRODUCERS

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Unilever... 100.00...

GAS DISTRIBUTION

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Debenhams... 100.00...

INSURANCE

Aviva... 100.00...
Aviva... 100.00...

EXTRACTIVE INDUSTRIES - Cont.

Anglo American... 100.00...
Anglo American... 100.00...

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Debenhams... 100.00...

INSURANCE

Aviva... 100.00...
Aviva... 100.00...

INVESTMENT TRUSTS

Investment Trusts... 100.00...
Investment Trusts... 100.00...

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing various investment trusts with columns for name, price, and other financial metrics.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for name, price, and other financial metrics.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for name, price, and other financial metrics.

PROPERTY - Cont.

Table listing property companies with columns for name, price, and other financial metrics.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for name, price, and other financial metrics.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM) with columns for name, price, and other financial metrics.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and other financial metrics.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and other financial metrics.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for name, price, and other financial metrics.

RETAILERS, GENERAL - Cont.

Table listing general retailers with columns for name, price, and other financial metrics.

TOBACCO

Table listing tobacco companies with columns for name, price, and other financial metrics.

TRANSPORT

Table listing transport companies with columns for name, price, and other financial metrics.

WATER

Table listing water companies with columns for name, price, and other financial metrics.

SUPPORT SERVICES

Table listing support services companies with columns for name, price, and other financial metrics.

SOUTH AFRICANS

Table listing South African companies with columns for name, price, and other financial metrics.

CANADIANS

Table listing Canadian companies with columns for name, price, and other financial metrics.

AMERICANS

Table listing American companies with columns for name, price, and other financial metrics.

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GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Data, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE Actuaries Share Index.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and other financial metrics.

FT MANAGED FUNDS SERVICE

FT Cyteline Unit Trust Prices are available over the telephone. Call the FT Cyteline Help Desk on (+44 171) 673 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda (SIB Recognised) funds including Royal Bank of Canada O/S Fd Mgrs Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

GUERNSEY (REGULATED)**

Table listing Guernsey (Regulated) funds including ANZ Asset Co (Guernsey) Ltd, Ananda Investment Management Ltd, and various other fund entries with columns for Name, Class, and Price.

BERMUDA (REGULATED)**

Table listing Bermuda (Regulated) funds including Bermuda Int'l Invest Mgmt Ltd, Bermuda Int'l Invest Mgmt Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds including AIB Investment Managers (Guernsey) Ltd, Adams & Hovell Fd Mgmt (Guernsey) Ltd, and various other fund entries with columns for Name, Class, and Price.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds including AIB Investment Managers (Guernsey) Ltd, Adams & Hovell Fd Mgmt (Guernsey) Ltd, and various other fund entries with columns for Name, Class, and Price.

IRELAND (SIB RECOGNISED)

Table listing Ireland (SIB Recognised) funds including AIB Fund Management Ltd, AIB Fund Management Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

IRELAND (REGULATED)**

Table listing Ireland (Regulated) funds including AIB Fund Management Ltd, AIB Fund Management Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

DELTA EUROPE FUND MGRS IRELAND LTD

Table listing Delta Europe Fund Mgrs Ireland Ltd funds including Delta Europe Fund Mgrs Ireland Ltd, Delta Europe Fund Mgrs Ireland Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

ISLE OF MAN (REGULATED)**

Table listing Isle of Man (Regulated) funds including AXA Equity & Law Int'l Fund Mgrs, AXA Equity & Law Int'l Fund Mgrs - Contd, and various other fund entries with columns for Name, Class, and Price.

JERSEY (SIB RECOGNISED)

Table listing Jersey (SIB Recognised) funds including AIB Fund Managers (J) Ltd, AIB Fund Managers (J) Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds including AIB AMRO Funds (L), AIB AMRO Funds (L) - Contd, and various other fund entries with columns for Name, Class, and Price.

JERSEY (REGULATED)**

Table listing Jersey (Regulated) funds including Bank of Scotland Fund Managers (Jersey) Ltd, Bank of Scotland Fund Managers (Jersey) Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

DELTA EUROPE FUND MGRS IRELAND LTD

Table listing Delta Europe Fund Mgrs Ireland Ltd funds including Delta Europe Fund Mgrs Ireland Ltd, Delta Europe Fund Mgrs Ireland Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

JERSEY (SIB RECOGNISED)

Table listing Jersey (SIB Recognised) funds including AIB Fund Managers (J) Ltd, AIB Fund Managers (J) Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds including AIB AMRO Funds (L), AIB AMRO Funds (L) - Contd, and various other fund entries with columns for Name, Class, and Price.

JERSEY (REGULATED)**

Table listing Jersey (Regulated) funds including Bank of Scotland Fund Managers (Jersey) Ltd, Bank of Scotland Fund Managers (Jersey) Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

DELTA EUROPE FUND MGRS IRELAND LTD

Table listing Delta Europe Fund Mgrs Ireland Ltd funds including Delta Europe Fund Mgrs Ireland Ltd, Delta Europe Fund Mgrs Ireland Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

JERSEY (SIB RECOGNISED)

Table listing Jersey (SIB Recognised) funds including AIB Fund Managers (J) Ltd, AIB Fund Managers (J) Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds including AIB AMRO Funds (L), AIB AMRO Funds (L) - Contd, and various other fund entries with columns for Name, Class, and Price.

JERSEY (REGULATED)**

Table listing Jersey (Regulated) funds including Bank of Scotland Fund Managers (Jersey) Ltd, Bank of Scotland Fund Managers (Jersey) Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

DELTA EUROPE FUND MGRS IRELAND LTD

Table listing Delta Europe Fund Mgrs Ireland Ltd funds including Delta Europe Fund Mgrs Ireland Ltd, Delta Europe Fund Mgrs Ireland Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

JERSEY (SIB RECOGNISED)

Table listing Jersey (SIB Recognised) funds including AIB Fund Managers (J) Ltd, AIB Fund Managers (J) Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds including AIB AMRO Funds (L), AIB AMRO Funds (L) - Contd, and various other fund entries with columns for Name, Class, and Price.

JERSEY (REGULATED)**

Table listing Jersey (Regulated) funds including Bank of Scotland Fund Managers (Jersey) Ltd, Bank of Scotland Fund Managers (Jersey) Ltd - Contd, and various other fund entries with columns for Name, Class, and Price.

Handwritten text in a box at the bottom center of the page, possibly a signature or stamp.

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

Main table containing FT Managed Funds Service data, including columns for fund names, prices, and performance metrics. The table is organized into several vertical sections.

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES
Prices are in British pounds sterling and these should be used to purchase units in UK orders...

WORLD STOCK MARKETS

EUROPE

Table of European stock markets including Austria, Belgium, Germany, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, Switzerland, and the UK. Columns include stock names, prices, and changes.

ASIA

Table of Asian stock markets including Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Singapore, Taiwan, and Thailand.

AMERICA

Table of American stock markets including Canada, Mexico, and the US.

AUSTRALIA

Table of Australian stock markets including New Zealand.

AFRICA

Table of African stock markets including South Africa.

INDICES

Table of various stock indices including Nikkei, Dow Jones, S&P 500, and others.

US INDICES

Detailed table of US stock indices and market data.

MARKETS

Table of commodity and other market prices.

Advertisement for Rockwell Avionics: 'In Europe's crowded skies, Rockwell Avionics plays a key role in promoting safety and efficiency. Rockwell'.

Table with financial data and market statistics.

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Footnote and disclaimer text: 'FT PREPARED ANNUAL REPORTS SERVICE...'

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for stock name, price, and change. Includes sub-sections for 'D', 'I', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

Advertisement for Hewlett-Packard with the slogan 'Time waits for no one.' and the HP logo.

Large advertisement for 'AMERICAN' featuring a stylized logo and text.

Handwritten text at the bottom center of the page: 'سكنا للاميل'.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for High, Low, and Change. Includes sub-sections for -V-, -W-, -T-, -U-, and -X-Y-Z-.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market listing various stocks with columns for High, Low, and Change. Includes sub-sections for -L-, -S-, -M-, -F-, -B-, -E-, -H-, -I-, -O-, -P-, -Q-, -R-, -T-, -U-, -V-, -W-, -X-, -Y-, and -Z-.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for High, Low, and Change.

Advertisement for Portugal featuring the text 'Have your FT hand delivered in Portugal' and 'Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day.'

Continuation of NASDAQ National Market table with sub-sections for -L-, -S-, -M-, -F-, -B-, -E-, -H-, -I-, -O-, -P-, -Q-, -R-, -T-, -U-, -V-, -W-, -X-, -Y-, and -Z-.

Steady bond market lifts US stocks

US shares were steady in midday trading as the bond market stabilised after the sharp sell-off staged over the previous four sessions.

US shares were steady in midday trading as the bond market stabilised after the sharp sell-off staged over the previous four sessions.

At 1 pm, the Dow Jones Industrial Average was off 6.51 at 5,357.86, while the Standard & Poor's 500 was 0.17 harder at 644.41 and the American Stock Exchange composite had gained 3.02 at 573.50.

The Nasdaq composite improved 3.12 to 1,106.78. The New York Stock Exchange trading volume amounted to 243m shares.

In early trading, the benchmark 30-year Treasury bond was modestly higher, sending the yield down and thereby taking some of the recent pressure off shares.

Consumer goods companies, which face worse than their cyclical counterparts when the economy is growing, underperformed other sectors.

Other resource-based stocks were also heavily traded, including Abaca Resource which jumped 0.5% to 38.6% ahead of the stock's inclusion from today in the composite index.

Brazil little changed

SAO PAULO opened strongly as investors anticipated higher prices in New York, then dropped back to opening levels. By midday the Bovespa index was up just 9 points at 48,547.

MEXICO CITY also watched the US market and by mid-session the IPC index was up 5.15 at 3,015.80.

SANTIAGO followed Wall Street higher in early trade, but brokers said the market was still soft and could retreat in the afternoon.

The blue-chip IPSA was up 0.3 per cent to 92.64 at midday, while the general IGPA index was up 0.2 per cent to 5,225.90 in this volume. Brokers said that major institutional investors, including pension funds, were still on the sidelines waiting for the market to clarify after the central bank raised interest rates last week.

Speculation on bank merger dominates Zurich

Speculation about a possible merger between CS Holding and UBS dominated trade in Zurich. Analysts were unwilling to dismiss the rumour, recalling that the market was taken by surprise by last month's announcement of the merger of Sanofi and Ciba.

Dealers said a fusion of the banks would be difficult, but not impossible, to carry out, and they noted the CS group had been under pressure to expand since SBC bought Warburg in the UK last year.

CS Holding advanced SFr6.25 to close at SFr115 before the bank said it had no intention of taking over UBS. However, analysts said the statement left open the question of a possible "fusion" of the banks.

The broader market was weak in spite of a firmer dollar. The SMI index gave up 16.7 to 3,584.4.

Lehman Brothers noted that the Swiss equity market was the most expensive in Europe, adding that a yield of 1 1/2 per cent and an historic price/earnings multiple of 20 times were not justified by low dividend yields or a safe haven premium.

Nikkei rebounds 1.5% as high-tech stocks find favour

Large-capital steels and shipbuilders were higher. Mitsui Engineering and Shipbuilding was the most active issue of the day and put on Y7 at Y335, and Mitsubishi Heavy Industries rose Y8 to Y821. Nippon Steel gained Y9 at Y371 and NKK Y11 at Y320.

Trading volumes attracted buying due to higher grain prices: Mitsui climbed Y7 to Y987 and Marubeni closed Y21 ahead at Y615.

Companies which recently announced stock buybacks were in demand. Lamunda, a discount store operator, jumped Y130 to Y1,520 on its plan to buy back 7.3 per cent of its stock, while Komatsu, the machinery maker, rallied Y15 to Y955.

Speculative stocks were actively bought. Shinko Electric rose Y40 to Y1,090 and Gajoen Ranks Y19 to Y251.

In Osaka, the OSE average gained 27.13 at 23,022.61 in volume of 81.5m shares.

Regional markets made a muted response to Wall Street's overnight fall. HONG KONG overcame the worst of early sharp declines, with some analysts detecting a fresh inflow of US funds into individual local stocks at the start of the new quarter.

The Hang Seng index finished 32.51 easier at 11,107.37, off a low of 10,912.32. Turnover dipped to HK\$4.4bn.

Brokers said most of the buying went to selective property companies, which industrial triggered futures short-covering that in turn helped the cash market.

Among major developers, Sun Hung Kai Properties jumped HK\$1.35 to HK\$75, Cheung Kong put on 25 cents at HK\$57.25 and Henderson R126.25, while RMB Holdings fell R2 to R51.

Brokers said a major feature was the flow-through from Thursday of an order from Anglo American to buy 66m shares, around 7 per cent of the equity, of Lonrho, the UK diversified industrial conglomerate. Lonrho is listed in Johannesburg and the UK.

FT-SE Actuaries Share Indices

Table with columns for Date, Daily change, and indices for Apr 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20. Includes FT-SE European 100 and FT-SE European 200.

THE EUROPEAN SERIES

Table with columns for Date, Daily change, and indices for Apr 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20. Includes FT-SE European 100 and FT-SE European 200.

MILAN put in a positive performance as some investors became cautiously optimistic

about the outcome of this month's general election would prove more conclusive than many recent polls had indicated. The Comit index rose 2.19 to 583.89, while the real-time Mibtel index finished 116 higher at 9,506.

However, analysts' views on the outlook were divided. Mr Mario Frowle at UBS believed that equities and bonds, weak ahead of the April 21 election, were likely to rally after the poll and he forecast a rise in the Comit index to the 650-point level by mid-year.

J.P. Morgan increased its weighting in the market to overweight, noting that equity ties had not reflected the

to the US markets, while the Dax ended earlier with a rise of 8.06 to 2,503.26.

SAP lost DM9.70 to DM187.80 in spite of company denials of newspaper reports that its R/3 software programme might need to be replaced.

STOCKHOLM was enlivened by a rebound in Ericsson and a strong showing in the forestry sector which helped the Affarsvarlden index to close 4.6 higher at 1,863.3.

Ericsson rebounded SKr4 to SKr132.5 after last week's sharp drop on an unconfirmed report that first-quarter earnings would be below market expectations. Scania, the newly listed truck maker, dropped below its introductory price of SKr177 before picking up to finish SKr25 down at SKr178.

AMSTERDAM struggled to make a move and in the end the AEX index managed a gain of just 0.15 to 537.08, with turnover remaining below average following the Easter break.

Chartists said yesterday they remained confident the market would be able to break out of its current trading range, with forecasts that it could move

to the 550 area soon. VNU was one of the day's main stories, as the publisher said it expected its operating margin to rise significantly over the next five years. The stock made FI 1.10 to FI 23.70.

VIENNA continued to see selling in Wienerberger, the building materials group, whose stock slid SK\$5 or 1.8 per cent to SK\$20.04. The company's shares have lost SK\$249 since March 21 as worries have emerged that profits may be affected by the severe winter playing the start of new projects. The AEX index reached 6.37 to 1,061.34.

ATHENS remained depressed as inflation data showed a rise and in further reaction to the government's cancellation of a casino licence. The general index fell 14.60 or 1.5 per cent to 947.81.

ISTANBUL dropped sharply as investors decided to book profits following three consecutive record closes. The composite index retreated 1,670.18 or 2.3 per cent to 70,418.71, off a session's low of 70,112.

Written and edited by Michael Morgan and John Pitt

MARKETS IN PERSPECTIVE

Table showing percentage changes in local currency and index values for various regional markets including Australia, Belgium, Denmark, Finland, France, Germany, Hong Kong, India, Japan, Malaysia, New Zealand, Singapore, Canada, USA, Mexico, and EUROPE.

FT/SE ACTUARIES WORLD INDICES

Table with columns for Regional Markets, FT-SE Actuaries Index, and Dollar Index, listing countries like Australia, Belgium, Canada, France, Germany, Hong Kong, India, Japan, Malaysia, New Zealand, Singapore, South Africa, Thailand, UK, and USA.

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